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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 AND CONNECTED TRANSACTION
IN RELATION TO THE FACTORING AGREEMENT**

THE FACTORING AGREEMENT

Reference is made to the announcement and circular of the Company dated 3 July 2023 and 14 August 2023 respectively, in relation to the Previous Factoring Agreement. As the Previous Factoring Agreement is expected to expire on 31 August 2025 and the Company would like to continue the factoring services, on 11 July 2025, the Company entered into the Factoring Agreement with Longding Huayuan, pursuant to which the Company has agreed to provide accounts receivable factoring service for Longding Huayuan with a factoring principal amount of up to RMB22,900,000 for a term of two years commencing from the Effective Date.

IMPLICATIONS UNDER THE GEM LISTING RULES

As Longding Huayuan is a connected person of the Company, and as one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Factoring Agreement, exceed 5% but all of which are less than 25%, the transaction contemplated under the Factoring Agreement constitutes a discloseable and connected transaction for the Company, thus, the Factoring Agreement and the transaction contemplated thereunder are subject to the relevant requirements for a discloseable and connected transaction under Chapters 19 and 20 of the GEM Listing Rules including reporting, announcement, circular and Independent Shareholders' approval.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Factoring Agreement. The Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

The EGM will be convened and held to consider, if thought fit, to approve the ordinary resolution in relation to the Factoring Agreement and the transaction contemplated thereunder by the Independent Shareholders who are entitled to vote and not required to abstain from voting under the GEM Listing Rules.

A circular containing, among other things, further details about the Factoring Agreement, letters from the Independent Board Committee and the Independent Financial Adviser, a notice convening the EGM and other information as required under the GEM Listing Rules will be despatched to the Shareholders on or before 1 August 2025.

THE FACTORING AGREEMENT

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

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

Date of agreement:	11 July 2025
Parties:	The Company (as factor)
	Longding Huayuan (as seller)
Type of facility:	One-off and with recourse

Financing term:	A term of two years commencing from the Effective Date (or of a term until the date on which the factoring principal amount and factoring expenses are fully settled, whichever is the later but in any event will not be later than 30 August 2027).
Transfer of accounts receivables:	<p>Subject to the terms and conditions of the Factoring Agreement, the accounts receivables of Longding Huayuan as referred to in the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement shall be assigned to the Company.</p> <p>The accounts receivable to be assigned under the Factoring Agreement are rental receivable of Longding Huayuan in relation to its commercial premises located in various blocks of residential buildings within 3 residential projects developed by Longding Huayuan in Tiancun Road, Haidian District, Beijing, the PRC (北京海澱區田村路) under 13 lease agreements with a total rental receivable of approximately RMB29.00 million as at 11 July 2025.</p>
Factoring principal amount:	<p>A maximum amount of up to RMB22,900,000 (the “Factoring Limit”).</p> <p>The factoring principal amount will normally be calculated by the aggregate amount of accounts receivables to be assigned to the Company times the factoring ratio in accordance with the terms of the Factoring Agreement and, in any event, shall not exceed the Factoring Limit.</p>

The maximum factoring principal amount of RMB22,900,000 for the Factoring Agreement was determined after arm's length negotiations with reference to (i) the lending capacity of the Group for the provision of the funding under the Factoring Agreement after considering the Group's working capital requirement; (ii) the funding need of Longding Huayuan; (iii) the repayment capability of Longding Huayuan given the Group's historical transactions conducted with Longding Huayuan as evidenced by the Previous Factoring Agreement, and its settlement record and noting that Longding Huayuan has always made payments under the Previous Factoring Agreement with good repayment history; (iv) the business performance and business development of Longding Huayuan bears a stable trend; (v) the stable operating cash inflow of Longding Huayuan will guarantee its repayment of the factoring principal amount and factoring interest under the Factoring Agreement; (vi) the underlying accounts receivable of the Factoring Agreement are rental receivable from 13 lessees with a total value of approximately RMB29.00 million, of which (1) approximately RMB17.40 million is attributable to existing lease agreements between Longding Huayuan and the lessees; and (2) approximately RMB11.60 million is attributable to written confirmations provided by the existing lessees, who have confirmed their intention to enter into extension lease agreements with Longding Huayuan upon expiry of their current agreements; and (vii) the repayment capability of the guarantor under the Factoring Agreement is also adequate to fulfill the relevant repayment liabilities of Longding Huayuan in the event of default by Longding Huayuan.

Payment of factoring
principal amount:

As the Company has made an actual payment of RMB22,900,000 to Longding Huayuan pursuant to the Previous Factoring Agreement, subject to the satisfaction of the terms and conditions as set out in the Factoring Agreement, no additional payment will be made to Longding Huayuan.

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:

$$(A \times B) \div 360 \times C$$

A = the outstanding balance of the factoring principal amount

B = the interest rate of 5% per annum

C = the actual number of days of the advancement

The factoring interest under the Factoring Agreement shall be payable by Longding Huayuan to the Company on a quarterly basis pursuant to the terms of the Factoring Agreement.

The factoring interest was determined after taking into account (i) the prevailing interest rate for factoring transactions in the PRC factoring industry; (ii) the standard factoring interest rate being 5% per annum currently set by the Company for the year ending 31 December 2025 which is equally applicable to Independent Third Parties and connected persons; and (iii) the risk associated with the factoring activities under the Factoring Agreement, including but not limited to, the credit assessment of Longding Huayuan based on its business, financial position and repayment capability reflected by the due diligence conducted by the Company, the value of the underlying accounts receivable and the repayment capability of the guarantor.

Repayment of the factoring principal amount: The factoring principal amount is repayable in full on or before 30 August 2027 pursuant to the terms and conditions of the Factoring Agreement.

Factoring expenses:

The factoring expenses comprise (i) the factoring interest as set out in the paragraphs under “Factoring interest”; (ii) the default interest in respect of the outstanding factoring principal amount and the factoring interest due but not repaid, as set out in the paragraphs under “Default interest rate and default payment mechanism”; and (iii) other expenses, such as administrative fees, legal fees and disbursements, as incurred by the Company in the course of rendering the accounts receivable factoring services and shall be payable by Longding Huayuan pursuant to the terms of the Factoring Agreement.

The payment of the factoring interest and the default interest in respect of the outstanding factoring principal amount and the factoring interest due but not repaid shall be payable by Longding Huayuan to the Company on a quarterly basis.

Other expenses incurred by the Company (if any) in the course of rendering the accounts receivable factoring services shall be repayable together with the repayment of the factoring principal on or before 30 August 2027.

Default interest rate and
default payment
mechanism:

In respect of the outstanding factoring principal amount due but not repaid, the default interest rate is 7.5% per annum and the default interest payment shall be calculated as follows:

$$A_1 \times B_1 \div 360 \times C_1$$

A_1 = the outstanding balance of the factoring principal amount overdue but not repaid

B_1 = the interest rate of 7.5% per annum

C_1 = the number of days that the outstanding factoring principal amount became overdue

In respect of the factoring interest due but not repaid, the default interest rate shall be 24% per annum and the default interest payment shall be calculated as follows:

$$A_2 \times B_2 \div 360 \times C_2$$

A_2 = the outstanding balance of the factoring interest amount overdue but not repaid

B_2 = the interest rate of 24% per annum

C_2 = the number of days that the outstanding factoring interest amount became overdue

Prior to the due date of the quarterly factoring interest payments, the Company has in place a system to remind its factoring customers to make the payment of the amount due on the payment date, and will call to remind the factoring customers to pay as soon as possible on the payment date.

If there is an event of default on the terms of the Factoring Agreement, which results in non-payment of the factoring interest, the default interest, the factoring principal, or other expenses (if any and as incurred), (i) the Company will issue a notice of payment due to Longding Huayuan and re-evaluate their credit risks upon onsite inspection and communication on the specific reasons that lead to such default; (ii) the Company will also notify the debtors of the relevant accounts receivable assigned to the Company under the Factoring Agreement that payment of such accounts receivable shall be made directly to the Company; (iii) a letter from the Company's lawyer will be issued to Longding Huayuan if no satisfactory time and schedule for repayment can be agreed between the parties after onsite communication and negotiation; and (iv) if all the above steps still fail to resolve the default situation, the Company will file a claim in court against Longding Huayuan, requesting payment of the factoring expenses and the outstanding factoring principal amount. The Company may also resort to the guarantor for the debt payable by Longding Huayuan under the Factoring Agreement.

Condition precedent: The Factoring Agreement shall be conditional upon the Independent Shareholders' approval having been obtained in accordance with the Company's constitutional documents and the GEM Listing Rules.

Repurchase: The Company shall be entitled to demand Longding Huayuan to immediately and unconditionally repurchase the outstanding amount of accounts receivables being transferred to the Company, 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) Longding Huayuan has commercial dispute with its debtor(s) in respect of the underlying contract(s);
- (ii) the Company being unable to receive the timely payment in full of the accounts receivables by the debtor(s) of Longding Huayuan as a result of the credit risk of the debtor(s) of Longding Huayuan;
- (iii) Longding Huayuan waiving or offsetting the payment of the accounts receivables transferred to the Company without giving notice to the Company;
- (iv) the debtor(s) of Longding Huayuan being merged, divided, reorganised, the assets of the debtor(s) of Longding Huayuan being transferred, the fund of the debtor(s) of Longding Huayuan being misappropriated, the business operation of the debtor(s) of Longding Huayuan being ceased or suspended, etc., which has adverse effect to the repayment of the accounts receivables;
- (v) the debtor(s) of Longding Huayuan being involved or possibly involved in any major economic dispute, litigation or arbitration;

- (vi) the debtor(s) of Longding Huayuan 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 the Company deems appropriate for Longding Huayuan to repurchase the outstanding amount of the accounts receivables.

Guarantee: Mr. Gong Liang (貢亮) entered into a guarantee in favour of the Company in respect of all debt payable by Longding Huayuan to the Company under the Factoring Agreement.

The factoring facility provided by the Company was financed by the internal resources of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Based on the actual factoring principal of RMB22,900,000, the Factoring Agreement would enable the Group to earn factoring interest income of approximately RMB2.2 million over the course of the Factoring Agreement. The terms of the Factoring Agreement were agreed between the Company and Longding Huayuan after arm's length negotiations between the parties and are on normal commercial terms with reference to other comparable transactions the Group conducted with the Independent Third Parties, the lending capacity of the Company, the credit assessment on Longding Huayuan and the outstanding amount of accounts receivables to be assigned to the Company by Longding Huayuan.

If there is an event of default on the terms of the Factoring Agreement by Longding Huayuan, the Company is entitled to exercise its right of recourse and demand for immediate and unconditional repurchase of the accounts receivable by Longding Huayuan. Moreover, in the event of default, Mr. Gong Liang, being the guarantor, is responsible for all debt payable by Longding Huayuan to the Company pursuant to the Factoring Agreement.

The Company has also assessed the credit record of Mr. Gong Liang based on his personal credit report obtained from the Credit Reference Center of the People's Bank of China (中國人民銀行徵信中心), and noted there is no overdue record in his over 20 years of credit history.

Having also considered Mr. Gong Liang's assets based on public information available, including his personal investments and his indirect interest in the Company, the Company considered Mr. Gong Liang as financially competent to be the guarantor under the Factoring Agreement.

As Ms. Gong Xiaoting, being an executive Director, is the daughter of Mr. Gong Liang who owns 45% equity interest in Dayuan Tiandi while Mr. Peng Qilei and Ms. Liu Jing, being the non-executive Directors, serve as the management at Dayuan Tiandi and various related companies of Dayuan Tiandi, they have abstained from voting on the Board resolution in relation to the transaction contemplated under the Factoring Agreement. Save as disclosed above, none of the other Directors are deemed to have a material interest in the transaction contemplated under the Factoring Agreement and, hence they are not required to abstain from voting on the Board resolution in relation to such transaction.

Since the provision of factoring services is one of the main activities of the Group, and given reasons above, the Directors (excluding the independent non-executive Directors who will express their opinion after taking into consideration the advice of the Independent Financial Adviser and excluding the interested Directors) are of the view that the entering into of the Factoring Agreement is in the ordinary and usual course of business of the Company and will generate revenue and cashflow stream from the factoring interest received and 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 financial leasing, factoring, consultancy and customer referral services, supply of medical equipment, energy storage business and cross-border e-commerce business in the PRC.

INFORMATION ON LONGDING HUAYUAN

Longding Huayuan is a company established in the PRC with limited liability and is principally engaged in real estate development. Based on public information available, as at the date of this announcement, Longding Huayuan is held as to 90% by Dayuan Tiandi (being 55% held by Mr. Zhao Dehua (趙得驊) and 45% held by Mr. Gong Liang (貢亮)), 9.17% by Beijing Huien Investment Consultancy Co., Ltd (北京匯恩投資顧問有限公司) (being 100% held by Mr. Ma Xiaosong (馬曉松)), 0.5% by Beijing Chengjian Real Estate Development Co., Ltd (北京城建房地產開發有限公司) (being 100% held by the People's Government of Beijing Municipality), 0.33% by Mr. Zhang Wanguo (張萬國). Save for Dayuan Tiandi, all other shareholders of Longding Huayuan and their ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE GEM LISTING RULES

As Longding Huayuan is a connected person of the Company, and as one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Factoring Agreement, exceed 5% but all of which are less than 25%, the transaction contemplated under the Factoring Agreement constitutes a discloseable and connected transaction for the Company, thus, the Factoring Agreement and the transaction contemplated thereunder are subject to the relevant requirements for a discloseable and connected transaction under Chapters 19 and 20 of the GEM Listing Rules including reporting, announcement, circular and Independent Shareholders' approval.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Factoring Agreement. The Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

The EGM will be convened and held to consider, if thought fit, to approve the ordinary resolution in relation to the Factoring Agreement and the transaction contemplated thereunder by the Independent Shareholders who are entitled to vote and not required to abstain from voting under the GEM Listing Rules.

A circular containing, among other things, further details about the Factoring Agreement, letters from the Independent Board Committee and the Independent Financial Adviser, a notice convening the EGM and other information as required under the GEM Listing Rules will be despatched to the Shareholders on or before 1 August 2025.

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
“Dayuan Tiandi”	Beijing Municipality Dayuan Tiandi Property Development Co., Ltd. (北京市大苑天地房地產開發有限公司), a company established in the PRC and a substantial shareholder of the Company
“Directors”	the directors of the Company
“Effective Date”	the effective date of the Factoring Agreement, that is the date on which the Factoring Agreement is approved by the Independent Shareholders at the EGM or 31 August 2025, whichever is later
“EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) to be convened and held to consider, if thought fit, to approve the Factoring Agreement and the transaction contemplated thereunder
“Factoring Agreement”	the with-recourse commercial factoring agreement dated 11 July 2025 entered into between the Company (as factor) and Longding Huayuan (as seller) in respect of the accounts receivable factoring services to be provided by the Company to Longding Huayuan with a factoring principal amount of up to RMB22,900,000

“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 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 Board Committee”	an independent board committee comprising all independent non-executive Directors to advise the Independent Shareholders on the terms of the Factoring Agreement and the transaction contemplated thereunder
“Independent Financial Adviser”	Octal Capital Limited, a licensed corporation authorised to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Factoring Agreement and the transaction contemplated thereunder
“Independent Shareholders”	Shareholder(s) who does not have material interests in the Factoring Agreement and the transactions contemplated thereunder
“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
“Longding Huayuan”	Beijing Longding Huayuan Real Estate Development Co., Ltd.* (北京市龍鼎華源房地產開發有限責任公司), a company established in the PRC with limited liability

“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 PRC and Taiwan
“Previous Factoring Agreement”	the with-recourse commercial factoring agreement dated 3 July 2023 entered into between the Company (as factor) and Longding Huayuan (as seller) in respect of the accounts receivable factoring services to be provided by the Company to Longding Huayuan with a factoring principal amount of up to RMB27,000,000
“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

By order of the Board
FY Financial (Shenzhen) Co., Ltd.
Mr. Li Peng
Chairman

Hong Kong, 11 July 2025

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)

Independent non-executive Directors:

Mr. Liu Shengwen (劉升文)

Mr. Hon Leung (韓亮)

Mr. Tong Qiang (佟強)

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 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.