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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 limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8452)

DISCLOSEABLE TRANSACTIONS FINANCE LEASE AGREEMENTS

FINANCE LEASE AGREEMENTS I WITH LESSEE C

On 27 June 2017, the Company entered into the Finance Lease Agreements I with Lessee C, pursuant to which the Company would purchase from Lessee C the Lease Back Assets I at a consideration of RMB38,000,000 (equivalent to approximately HK\$43,602,983) and the Company would lease to Lessee C the Lease Back Assets I for a term of 35 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 Agreements I 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.

On 27 June 2017, the Company entered into the Finance Lease Agreements I with Lessee C, pursuant to which the Company would purchase from Lessee C the Lease Back Assets I at a consideration of RMB38,000,000 (equivalent to approximately HK\$43,602,983) and the Company would lease to Lessee C the Lease Back Assets I for a term of 35 months in return for lease payment.

FINANCE LEASE AGREEMENTS I WITH LESSEE C

The principal terms and conditions of the Finance Lease Agreements I are summarised as follows:

Asset Transfer Agreement I

Date:	27 June 2017
Parties:	The Company (as purchaser) Lessee C (as seller)
Assets acquired:	The Lease Back Assets I are a batch of 47 pieces or sets of equipment for the production of lithium iron phosphate or lithium batteries.
Consideration:	The Asset Transfer Consideration I of RMB38,000,000 (equivalent to approximately HK\$43,602,983) shall be payable by the Company to Lessee C 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 C 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 C (i) the original receipt of the Lease Back Assets I and a copy stamped with the company chop of Lessee C; (ii) the original of each of the list of the Lease Back Assets I and the confirmation on the receipt of the Lease Back Assets I by Lessee C; and (iii) the photos showing the whole equipment and the serial number of each of the Lease Back Assets I and confirming that all Lease Back Assets I have been received by Lessee C, the Company shall pay to Lessee C the Asset Transfer

Consideration I of RMB38,000,000 (equivalent to approximately HK\$43,602,983) within 10 business days after the fulfilment of the above conditions in the following manner:

- (a) RMB3,800,000 (equivalent to approximately HK\$4,360,298) of which shall be offset by the equivalent amount of security deposit payable by Lessee C under the Lease Back Agreement I; and
- (b) RMB34,200,000 (equivalent to approximately HK\$39,242,685) of which shall be paid by the Company.

The amount of RMB34,200,000 (equivalent to approximately HK\$39,242,685), being entire sum of the Asset Transfer Consideration I after deducting the security deposit, was paid by the Company to Lessee C on 30 June 2017. 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:

27 June 2017

Parties:

The Company (as lessor)
Lessee C (as lessee)

**Subject asset and
lease term:**

The Lease Back Assets I are leased from the Company to Lessee C for a term of 35 months commencing from 30 June 2017, 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 and the taking effect of the guarantee agreement and the security agreement referred to therein.

If any of the above conditions is not fulfilled within 30 days from the date of the Lease Back Agreement I, the Company is entitled to terminate the Lease Back Agreement I and the Asset Transfer Agreement I and the Company shall not be liable for any duties and obligations to Lessee C, unless the non-fulfilment of any of the conditions is caused by the Company, in which Lessee C shall not be liable for any duties and obligations. If the non-fulfilment of any of the conditions is caused by Lessee C and the Lease Back Agreement I is terminated as a result, Lessee C shall be liable for all losses of the Company.

Lease payment:

The lease payment for the entire term under the Lease Back Agreement I consists of (i) the finance lease principal amount of RMB38,000,000 (equivalent to approximately HK\$43,602,983); (ii) the finance lease interest income of RMB4,004,717 (equivalent to approximately HK\$4,595,200); and (iii) VAT payable for the finance lease interest income.

The lease payment shall be paid by Lessee C by 35 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) commencing from 30 July 2017 and for the instalments payable on February during the lease term, the last day of February.

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

Security deposit:

A security deposit of RMB3,800,000 (equivalent to approximately HK\$4,360,298) shall be payable by Lessee C to secure the performance of its obligations under the Lease Back Agreement I.

The Company may apply the security deposit to settle any outstanding amount payable by Lessee C under the Lease Back Agreement I and Lessee C must replenish such amount equivalent to the amount of security deposit being deducted.

Subject to the terms of the Lease Back Agreement I, in the six months prior to the expiry of the lease term of the Lease Back Agreement I, the Company is entitled to apply the security deposit directly to offset (i) the retention consideration; (ii) the last one or several instalment(s) of lease payment; and (iii) other amount payable by Lessee C to the Company. Any residue amount after the set-off shall be returned to Lessee C, whilst any shortfall between the amount to be offset and the amount of security deposit shall be paid in advance of set-off by Lessee C.

**Retention
consideration:**

Subject to the terms and conditions of the Lease Back Agreement I, Lessee C 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 C 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 C.

Default payment:

If Lessee C 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 C on time and in full, Lessee C 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%; (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 C and the default payment shall be immediately payable by Lessee C and Guarantor C 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 C in full or the failure of Lessee C to perform any other duties and obligations under the Lease Back Agreement I.

Guarantee and security:

Guarantor C has provided an irrevocable and unconditional personal guarantee with joint and several liability in favour of the Company in respect of all debt payable by Lessee C to the Company under the Lease Back Agreement I.

Lessee C also pledges certain production equipment and, among others, such ancillary, additional or substitution property of and rights in and interest accrued upon the production equipment as security to secure, among others, the performance of its obligations under the Lease Back Agreement I.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The principal business of the Company is the provision of finance leasing and advisory services to its customers in the PRC.

The entering into of the Finance Lease Agreements I is in the ordinary and usual course of business of the Company and will enable the Company to earn an aggregate income of approximately RMB4,008,302 (equivalent to approximately HK\$4,599,314), being the aggregate of the finance lease interest income (exclusive of VAT) of approximately RMB4,004,717 (equivalent to approximately HK\$4,595,200) over the lease term and the retention consideration (exclusive of VAT) of approximately RMB3,585 (equivalent to approximately HK\$4,114).

Given the Finance Lease Agreements I 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 I 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 provide financial services with a focus on providing equipment-based finance leasing commercial factoring and advisory services to their customers in the PRC.

INFORMATION ON LESSEE C

Lessee C is a company established in the PRC with limited liability and is principally engaged in the research and development, production and sales of the batteries, the packaging and the integrated system of lithium ion powered batteries. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Lessee C 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 Agreements I 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 27 June 2017 entered into between the Company as purchaser and Lessee C as vendor in relation to the sale and purchase of the Lease Back Assets I
“Asset Transfer Consideration I”	RMB38,000,000 (equivalent to approximately HK\$43,602,983), being the consideration for the purchase of the Lease Back Assets I by the Company from Lessee C
“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 the GEM

“Directors”	the directors of the Company
“Finance Lease Agreements I”	the Asset Transfer Agreement I and the Lease Back Agreement I
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange as amended, supplemented or otherwise modified from time to time
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“Group”	the Company and its subsidiaries as at the date of this announcement
“Guarantor C”	an individual who is a shareholder of Lessee C and to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, an Independent Third Party
“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 27 June 2017 entered into between the Company as lessor and Lessee C as lessee in relation to the lease back of the Lease Back Assets I to Lessee C

“Lease Back Assets I”	a batch of 47 pieces or sets of equipment specified in the Asset Transfer Agreement I and the Lease Back Agreement I
“Lessee C”	a company established in the PRC and the lessee under the Finance Lease Agreements I
“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
“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
“VAT”	value-added tax

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

Hong Kong, 6 August 2017

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

Executive Directors:

Mr. Li Peng (李鵬)

Mr. Weng Jianxing (翁建興)

Non-executive Directors:

Mr. Zhuang Wei (莊巍)

Mr. Qian Cheng (錢程)

Ms. Hui Ying (惠穎)

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 RMB0.8715 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.