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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 22 March 2024, the Company entered into the Factoring Agreement with Zhongheng Yingzao, pursuant to which the Company has agreed to provide accounts receivable factoring service for Zhongheng Yingzao with a factoring principal amount of up to RMB20,000,000, 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 Zhongheng Yingzao with its customer(s) (i.e. debtor(s) of Zhongheng Yingzao) from Zhongheng Yingzao to the Company.

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.

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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 Zhongheng Yingzao. In such event, Zhongheng Yingzao 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:	22 March 2024
Parties:	the Company (as factor) Zhongheng Yingzao (as seller)
Type of facility:	One-off and with recourse
Financing term:	22 March 2024 to 21 March 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 Zhongheng Yingzao as referred to in the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement shall be assigned to the Company.
Factoring principal amount:	A maximum amount of up to RMB20,000,000 (the “ Factoring Limit ”). The factoring principal amount will 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.

Payment of factoring principal amount:	Subject to the satisfaction of the terms and conditions as set out in the Factoring Agreement, the Company shall pay the factoring principal amount to Zhongheng Yingzao. The payment shall represent the accounts receivables being assigned to the Company times the factoring 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:	<p>The factoring interest shall be calculated based on the following formula:</p> $(A \times B) \div 360 \times C$ <p>A = the outstanding balance of the factoring principal amount</p> <p>B = the interest rate of 10% per annum</p> <p>C = the actual number of days of the advancement</p> <p>The factoring interest under the Factoring Agreement shall be payable by Zhongheng Yingzao to the Company 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.</p>
Repayment of the factoring principal amount:	The factoring principal amount is repayable in full on or before 21 March 2025 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 and the factoring interest due but not repaid; and (iii) other expenses incurred by the Company in the course of rendering the accounts receivable factoring services and shall be payable by Zhongheng Yingzao pursuant to the terms of the Factoring Agreement.

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

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

Guarantee:

Mr. Chen Jian (陳鍵) entered into a guarantee in favour of the Company in respect of all debt payable by Zhongheng Yingzao to the Company under the Factoring Agreement.

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

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Factoring Agreement would enable the Group to earn factoring interest income. The terms of the Factoring Agreement were agreed between the Company and Zhongheng Yingzao 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 the Company, the credit assessment on Zhongheng Yingzao and the outstanding amount of accounts receivables to be assigned to the Company by Zhongheng Yingzao.

Adopting the Company's prudent approach in selecting factoring customers, the Company has critically assessed the quality of the accounts receivable of Zhongheng Yingzao 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 provided by the guarantor, Mr. Chen Jian (陳鍵), on which the Company performed a credit assessment with satisfactory results. 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 Zhongheng Yingzao to be satisfactory, and that the credit risk on the Factoring Agreement is relatively low.

As the provision of factoring services is one of the Group's principal businesses, the Directors consider 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.

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 ZHONGHENG YINGZAO

Zhongheng Yingzao is a company established in the PRC with limited liability and principally engaged in architectural decoration and construction. Based on public information available, as at the date of this announcement, Zhongheng Yingzao is beneficially owned by Chen Jian (陳鍵) (63.80%), Khorgas Jianling Equity Investment Partnership (Limited Partnership)* (霍爾果斯建瓴股權投資合夥企業(有限合夥)) (22.50%), Tang Honghai (湯洪海) (3.60%), Wang Yue (王悅) (3.50%), Chen Liqiang (陳利強) (2.40%), Li Mengdong (李孟東) (1.00%), Maike Huixin (Beijing) Technology Development Co., Ltd.* (麥客匯信(北京)科技發展有限公司) (1.00%), Maike Investment Development (Dalian) Co., Ltd.* (麥客投資發展(大連)有限公司) (1.00%), Beijing Huaji Xiang Investment Management Co., Ltd.* (北京華安吉祥投資管理有限公司) (1.00%) and Wang Peng (王鵬) (0.20%).

Khorgas Jianling Equity Investment Partnership (Limited Partnership)* (霍爾果斯建瓴股權投資合夥企業(有限合夥)) is beneficially owned by Chen Jian (陳健) (66.81%), Cao Yandong (曹豔東) (5.33%), Chen Feng (陳峰) (4.89%), Liu Song (劉松) (3.70%), Wang Yue (王悅) (2.96%), Tang Honghai (湯洪海) (2.67%), Zhou Liang (周亮) (2.67%), Yin Yuchun (殷玉春) (2.22%), Xiao Zhenguo (肖振國) (2.22%), Yang Jinghui (楊景輝) (1.78%), Chen Liqiang (陳利強) (1.78%), Zhou Xiaoping (周小平) (1.78%) and Li Yanjie (李豔傑) (1.19%).

Maike Huixin (Beijing) Technology Development Co., Ltd.* (麥客匯信(北京)科技發展有限公司) is beneficially owned by Tianjinyu Mailexing Enterprise Management Consulting Partnership (Limited Partnership)* (天津與麥樂行企業管理諮詢合夥企業(有限合夥)) (55.00%), Xia Xinyu (夏鑫玉) (18.00%), Cao Ben (曹犇) (18.00%), Zhu Tianyu (朱天宇) (6.00%) and Yuan Tianhao (袁天豪) (3.00%).

Maike Investment Development (Dalian) Co., Ltd.* (麥客投資發展(大連)有限公司) is beneficially owned by Xia Yipeng (夏一鵬) (98.00%) and Wang Huanmei (王煥梅) (2.00%).

Beijing Huaji Xiang Investment Management Co., Ltd.* (北京華安吉祥投資管理有限公司) is beneficially owned by An Bin (安彬) (55.00%) and Li Long (李龍) (45.00%).

Tianjinyu Mailexing Enterprise Management Consulting Partnership (Limited Partnership)* (天津與麥樂行企業管理諮詢合夥企業(有限合夥)) is beneficially owned by Zhu Tianyu (朱天宇) (50.00%) and Yuan Tianhao (袁天豪) (50.00%).

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

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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 22 March 2024 entered into between the Company (as factor) and Zhongheng Yingzao (as seller) in respect of the accounts receivable factoring services to be provided by the Company to Zhongheng Yingzao with a factoring principal amount of up to RMB20,000,000
“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, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the PRC 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
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Zhongheng Yingzao”	Zhongheng Yingzao Construction Technology (Beijing) Group Co., Ltd.* (中恆營造建築科技(北京)集團有限公司), a company established in the PRC with limited liability
“%”	per cent

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

Hong Kong, 22 March 2024

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 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 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.

* For identification purpose only