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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 ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT

THE LIMITED PARTNERSHIP AGREEMENT

The Board is pleased to announce that on 14 July 2023, the General Partner, the Special Limited Partner, FY Yunlian (a wholly-owned subsidiary of the Company) as a Limited Partner and other four Limited Partners, entered into the Limited Partnership Agreement in respect of, among other matters, the capital injection to the Fund. Pursuant to the Limited Partnership Agreement, the total capital commitment to the Fund shall be RMB72,850,000, among which FY Yunlian shall contribute RMB10,000,000 to the Fund.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios with reference to the total capital commitment to the Fund by FY Yunlian under the Limited Partnership Agreement are more than 5% but less than 25%, the entering into of the Limited Partnership Agreement constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 14 July 2023, the General Partner, the Special Limited Partner, FY Yunlian (a wholly-owned subsidiary of the Company) as a Limited Partner and other four Limited Partners, entered into the Limited Partnership Agreement in respect of, among other matters, the capital injection to the Fund. Pursuant to the Limited Partnership Agreement, the total capital commitment to the Fund shall be RMB72,850,000, among which FY Yunlian shall contribute RMB10,000,000 to the Fund.

THE LIMITED PARTNERSHIP AGREEMENT

The principal terms of the Limited Partnership Agreement are summarised below:

Date	14 July 2023
The Fund	The Fund is established by the General Partner in the name of Yixing Xiangyi Venture Capital Partnership, L.P.* (宜興襄宜創業投資合夥企業(有限合夥)) under the laws of the PRC and filed with the Asset Management Association of China. The Fund was established on 29 August 2022, being the date the business license of the Fund was issued by Yixing Municipal Administrative and Approval Bureau* (宜興市行政審批局).
Parties	<p><i>General Partner</i></p> <p>(i) Nanjing Xiangzhu</p> <p><i>Special Limited Partner</i></p> <p>(ii) Gongqingcheng Xiangsheng</p> <p><i>Limited Partners</i></p> <p>(iii) Yixing Energy</p> <p>(iv) Yixing Taodu</p> <p>(v) Gefei Yuehong</p> <p>(vi) Gefei Chengxun</p> <p>(vii) FY Yunlian</p>

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the parties to the Limited Partnership Agreement and its ultimate beneficial owners is an Independent Third Party.

Capital commitment

The total capital commitment to the Fund shall be RMB72,850,000, being the sum of the amount of capital commitment of the General Partner, the Special Limited Partner and the Limited Partners. The amount of the capital commitment to be contributed by each of the partners in cash as follows:

Partners	Capital commitment RMB	Percentage of total capital commitment (approximate %)
General Partner	1,000,000	1.3727
Special Limited Partner	1,000,000	1.3727
Yixing Energy	12,570,000	17.2546
Yixing Taodu	6,280,000	8.6205
Gefei Yuehong	28,224,000	38.7426
Gefei Chengxun	13,776,000	18.9101
FY Yunlian	10,000,000	13.7268
	<u>72,850,000</u>	<u>100</u>

The size of the Fund and the capital contribution of each of the partners are determined after arm's length negotiations between the General Partner, the Special Limited Partner and the Limited Partners with reference to the anticipated capital requirements of the Fund.

The General Partner will issue a written notice of payment to each Limited Partner specifying the due date of payment which shall be at least ten (10) business days after the date of such written notice.

The Group intends to fund the capital commitment by its internal resources.

Management of the Fund

The General Partner will act as the sole executive partner and has the exclusive power over the management and control of the operation, investment affairs and other matters of the Fund and such power shall be exercised by the General Partner through its authorized representative and the Manager.

Ningbo Meishan will be designated by the General Partner to act as the Manager.

Subject to the terms of the Limited Partnership Agreement, an entrusted management agreement will be separately entered into among the Fund, the General Partner and the Manager in relation to the terms of the Manager's scope of duty, management fee calculation and the payment details.

Management Fee

In general, during the Investment Period, the annual management fee charged by the Manager shall be 2% per annum of the capital commitment of each partner to the Fund according to the terms of the Limited Partnership Agreement; afterwards, the annual management fee charged by the Manager shall be the amount equal to the product of 2% multiplied by the capital commitment of each partner to the Fund, as deducted by 2% per annum of the investment cost of the investment projects that the Fund has withdrawn and written off.

Advisory Committee

An advisory committee (the “**Advisory Committee**”) comprising of no more than five (5) members will be established to advise the Fund in relation to, among other matters, the term of the Fund and investment decisions pursuant to the Limited Partnership Agreement. Members of the Advisory Committee shall be determined by the General Partner.

Investment Decision
Committee

The Fund shall share the same investment decision committee (the “**Investment Decision Committee**”) as the Parallel Fund, and the Investment Decision Committee shall make investment decisions for the Fund. Members of the Investment Decision Committee shall be appointed by the General Partner.

Profit distribution and
loss sharing

Cash Distribution

Income derived from the realization of investment projects of the Fund after deducting all costs and expenses relating to such distribution and after deducting tax withholdings and any amounts that are required to meet the ongoing obligations of the Fund shall first be simultaneously distributed among all partners involved in such project in proportion to their share of the investment cost. The portion attributable to the General Partner and/or the Special Limited Partner shall be distributed to the General Partner and/or the Special Limited Partner in actual amount; and the portion attributable to each of the Limited Partner shall be distributed in the following order at the time frames pursuant to the Limited Partnership Agreement:

- (i) distributed to such Limited Partner until the cumulative distributions under the item (i) (the “**First Distribution**”) to such Limited Partner equals to the amount of such Limited Partner’s paid-up capital contribution;
- (ii) distributed to such Limited Partner such that such Limited Partner has received cumulative distributions (the “**Second Distribution**”) under the item (ii) in an amount equals to a simple interest rate of 8% per annum on such Limited Partners’ paid-up capital contribution;

- (iii) distributed to the General Partner and/or the Special Limited Partner such that the General Partner and/or the Special Limited Partner has received cumulative distributions under the item (iii) in an amount equals to 20% of the Second Distribution divided by 80%; and
- (iv) 20% of any remaining income shall be distributed to General Partner and/or the Special Limited Partner and 80% of such remaining income shall be distributed to such Limited Partner.

Non-cash distributions

The distributions shall be made in cash, and non-cash distributions shall be avoided to the extent feasible, unless non-cash distributions would be in the best interests of all partners of the Fund as determined by the General Partner. In making non-cash distributions:

- (i) for non-cash assets that are publicly traded securities, the value of which shall be determined based on the average trading price of such securities for the fifteen trading days before the distribution decision is made;
- (ii) for non-cash assets that will shortly become listed and publicly traded securities, the value of which shall be determined based on the arithmetic average of the listing price of such securities and average trading price of such securities for the fifteen trading days after the non-cash assets have become publicly traded securities; and
- (iii) for other non-cash assets, the General Partner shall reasonably determine the value of such non-cash assets according to the fair market price as evaluated and confirmed by an independent and qualified third party valuer appointed by the General Partner.

Loss sharing

Subject to the terms of the Limited Partnership Agreement, any loss incurred by the Fund in connection with the investment projects shall be shared by all the partners participating in such project in proportion to their share of the investment costs, and other losses and debts of the Fund shall be shared by all the partners in proportion to their respective capital commitment.

Dissolution of the Fund

Within fifteen (15) days from the occurrence of any of the following events, the General Partner will act as the liquidator to dissolve the Fund and liquidate its assets in accordance with applicable laws:

- (i) the term of the Fund expires;
- (ii) the purpose of the Limited Partnership Agreement has been realized or could no longer be realized;
- (iii) the General Partner is removed or withdrawn without a replacement General Partner being appointed pursuant to the Limited Partnership Agreement;
- (iv) one or more of the Limited Partners has breached a condition of the Limited Partnership Agreement, causing the General Partner to determine that the Fund cannot continue to operate;
- (v) the business license of the Fund is revoked or the Fund is ordered to be closed or withdrawn under the relevant PRC laws;
- (vi) dissolve according to the relevant PRC laws and regulations or under the Limited Partnership Agreement; and
- (vii) all the partners agree to dissolve the Fund.

The Fund will not become a subsidiary of the Group after the capital injection made by FY Yunlian and the financial results of the Fund will not be consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LIMITED PARTNERSHIP AGREEMENT

The Group explores potential investment opportunities from time to time. The Board is of the view that it is a good opportunity for the Group to indirectly engage in investments in the fields including but not limited to artificial intelligence, big data, and intelligent manufacturing, via the subscription of interests in the Fund. The Board expects that the investments to be carried out by the Fund will bring investment returns and revenue to the Group.

The Fund is the latest private fund of the funds of the Manager. Xiang He Capital (the business name of the Manager) is a renowned venture capital firm in the PRC, focusing on the start-up stage and early-to-mid stage opportunities in the fields of artificial intelligence, big data, and intelligent manufacturing, etc. It was co-founded by Mr. Tang and Ms. Yang.

Based on public information available, Mr. Tang was previously the vice president of Baidu, Inc. (百度集團股份有限公司) (“**Baidu**”) and was responsible for Baidu’s strategic investment and mergers and acquisitions.. Mr. Tang has more than 27 years of experience in strategy, investment and mergers and acquisitions of the high-tech industry. Ms. Yang was previously an executive director of Baidu and has over 20 years of experience in finance, consulting, strategy, investment and mergers and acquisitions.

Mr. Tang and Ms. Yang co-founded Xiang He Capital in 2016 and are jointly responsible for the management and operation of Xiang He Capital. Xiang He Capital has invested in nearly 60 companies since its establishment. The investment targets cover leading technologies in various fields, including Manbang (滿幫), Huolala (貨拉拉), Bytedance (字節跳動), iQiyi (愛奇藝), Sensors Data (神策數據), Inference Technology (推想科技), Moka (摩卡), NEXTDATA (數美科技), YUNXI Technology (雲徙科技), ROKAE (珞石機器人), IPLUSMOBOT (迦智科技), Aqrose Technology (阿丘科技), Dustess.com (塵鋒信息) and more.

Xiang He Capital's team has strong strategic analysis capabilities and rich experience in investment and mergers and acquisitions. The Group’s investment team has conducted several in-depth communications with Xiang He Capital. The investment team believes that Xiang He Capital is knowledgeable about market investment trends, has a mature and stable investment strategy, has an abundance of high-quality project resources in the fields of cutting-edge technology, artificial intelligence, big data, and intelligent manufacturing, etc, and is a reliable and excellent investment institution.

With FY Yunlian's investment in the Fund, the Company can obtain the income distribution agreed in the Limited Partnership Agreement, with an interest rate of 8% per annum and all Limited Partners to receive 80% of any additional return of the Fund. The details of income distribution are set out in the paragraphs under "Profit distribution and loss sharing" in the section headed "THE LIMITED PARTNERSHIP AGREEMENT". Also, with the high-quality projects that Xiang He Capital has invested in and has participated in, the Company has the opportunity to participate in the project's equity investments to obtain greater investment returns.

Based on the above, the Board is of the view that the terms of the Limited Partnership Agreement are on normal commercial terms after arm's length negotiations among the parties to the Limited Partnership Agreement, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES INVOLVED IN THE LIMITED PARTNERSHIP AGREEMENT

The Group and FY Yunlian

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.

FY Yunlian is a company established in the PRC with limited liability and principally engaged in investment activities and asset management. FY Yunlian is a wholly-owned subsidiary of the Company.

The General Partner

The General Partner is a company established in the PRC with limited liability and principally engaged in advisory services. Based on public information available, as at the date of this announcement, the General Partner is beneficially owned as to 90% by the Manager, 6.7% by Mr. Tang and 3.3% by Ms. Yang.

The Special Limited Partner

The Special Limited Partner is a limited partnership established in the PRC principally engaged in investment. Based on public information available, as at the date of this announcement, the Special Limited Partner is beneficially owned as to 76.3% by Ningbo Meishan, 11.9% by Mr. Tang, 5.9% by Ms. Yang and 5.9% by Nanjing Xiangzhu.

The Manager

The Manager is a company established in the PRC with limited liability and principally engaged in private equity fund management business. Based on public information available, as at the date of this announcement, the Manager is beneficially owned as to 67% by Mr. Tang and 33% by Mr. Yang.

Yixing Energy

Yixing Energy is a limited partnership established in the PRC and principally engaged in investment. Based on public information available, as at the date of this announcement, Yixing Energy is indirectly wholly owned by State-owned Assets Supervision and Administration Office of Yixing Municipal People's Government* (宜興市人民政府國有資產監督管理辦公室).

Yixing Taodu

Yixing Taodu is a company established in the PRC with limited liability and principally engaged in investment. Based on public information available, as at the date of this announcement, Yixing Taodu is indirectly wholly owned by State-owned Assets Supervision and Administration Office of Yixing Municipal People's Government* (宜興市人民政府國有資產監督管理辦公室).

Gefei Yuehong

Gefei Yuehong is a limited partnership established in the PRC and principally engaged in investment. Based on public information available, as at the date of this announcement, Gefei Yuehong is beneficially owned as to 0.03% by Shanghai Gopher Martha Assets Management Limited* (上海歌斐瑪撒資產管理有限公司), 2.98% by Cheng Xin (程昕), 2.98% by Wuhan Hongshan Huazhong Decoration Engineering Co., Ltd.* (武漢市洪山華中裝飾工程有限公司), 2.98% by Wang Lei (王磊), 2.98% by Yang Gang (楊剛), 2.98% by Yu Fei (余菲), 2.98% by Ran Jun (冉珺), 2.98% by Lin Wei (林蔚), 2.98% by Yu Junhong (于俊紅), 2.98% by Liu Duo (劉鐸), 2.98% by Xiang Long (項龍), 2.98% by Wang Xinqun (王信群), 2.98% by Tang Xunan (湯旭楠), 2.98% by Liu Sixu (劉思旭), 2.98% by Lin Weifeng (林偉峰), 2.98% by

Bao Weijian (包偉健), 2.98% by Cao Guoping (曹國平), 11.90% by Liang Jiaming (梁家明), 2.98% by Zhu Weibo (朱偉波), 4.76% by Yang Jianning (楊建寧), 2.98% by Lu Yuewen (陸玥雯), 2.98% by Jiang Shuhua (蔣淑華), 2.98% by Wang Liping (王麗萍), 2.98% by Zhu Xiaogang (朱曉剛), 2.98% by Xu Huafang (許華芳), 2.98% by Liu Yuanfang (劉遠方), 2.98% by Chengdu Taihe Hengchuang Information Technology Co., Ltd.* (成都泰和恆創信息技術有限公司), 2.98% by Mei Xuehu (梅雪虎), 2.98% by Qian Hui (錢暉), 2.98% by Song Zhenfu (宋振富) and 2.98% by Wang Xi (王汐), of which Shanghai Gopher Martha Assets Management Limited*(上海歌斐瑪撒資產管理有限公司) is beneficially owned as to 46% by Wang Jingbo (汪靜波), 25% by He Boquan (何伯權), 12% by Yin Zhe (殷哲), 10% by Yan Qianghua (嚴薔華), 4% by Zhang Xinjun (張昕雋) and 3% by Wei Yan (韋燕); Wuhan Hongshan Huazhong Decoration Engineering Co., Ltd.* (武漢市洪山華中裝飾工程有限公司) is beneficially owned as to 60% by Feng Yuqing (馮煜清) and 40% by Shen Yifang (沈怡芳); and Chengdu Taihe Hengchuang Information Technology Co., Ltd.* (成都泰和恆創信息技術有限公司) is beneficially owned as to 40% by Jiang Xiaohua (蔣小華), 40% by Wan Qixun (萬啟勳) and 20% by Wan Jiangtao (萬江濤) respectively.

Gefei Chengxun

Gefei Chengxun is a limited partnership established in the PRC and principally engaged in investment. Based on public information available, as at the date of this announcement, Gefei Chengxun is beneficially owned as to 7.3% by Zhan Cheng (詹丞), 7.3% by Hu Xiaochun (胡小春), 6.1% by Gong Ruomu (龔若沐), 6.1% by Li Quande (李全德), 6.1% by Yu Yuping (俞玉平), 6.1% by Li Song (李淞), 6.1% by He Yunlong (何雲龍), 6.1% by Si Fei (司斐), 6.1% by Li Yuzhen (李玉珍), 6.1% by Zhou Chengfeng (周成豐), 6.1% by Ding Ming (丁鳴), 6.1% by Liu Zhen (劉震), 6.1% by Xu Zhiqiang (徐志強), 6.1% by Lin Lichao (林麗超), 6.1% by Yu Jiangping (于江平), 6.1% by Gao Yijia (高藝嘉) and 0.1% by Shanghai Gopher Martha Assets Management Limited* (上海歌斐瑪撒資產管理有限公司) respectively.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios with reference to the total capital commitment to the Fund by FY Yunlian under the Limited Partnership Agreement are more than 5% but less than 25%, the entering into of the Limited Partnership Agreement constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“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 the GEM
“Directors”	the directors of the Company
“Fund”	Yixing Xiangyi Venture Capital Partnership (Limited Partnership)* (宜興襄宜創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC pursuant to the Limited Partnership Agreement
“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
“Gefei Chengxun”	Wuhu Gopher Chengxun Equity Investment Center (Limited Partnership)* (蕪湖歌斐承勳股權投資中心(有限合夥)), a limited partnership established under the laws of the PRC
“Gefei Yuehong”	Wuhu Gefei Yuehong Equity Investment Center (Limited Partnership)* (蕪湖歌斐悅鴻股權投資中心(有限合夥)), a limited partnership established under the laws of the PRC
“GEM”	GEM operated by the Stock Exchange
“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

“General Partner” or “Nanjing Xiangzhu”	Nanjing Xiangzhu Business Consulting Co., Ltd. * (南京襄助商務諮詢有限公司), a company established in the PRC with limited liability, the general partner of the Fund under the Limited Partnership Agreement
“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 traded in Hong Kong dollars and are listed on the GEM
“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
“Limited Partner(s)”	the limited partners of the Fund, including FY Yunlian, Yixing Energy, Yixing Taodu, Gefei Yuehong and Gefei Chengxun
“Limited Partnership Agreement”	the limited partnership agreement dated 14 July 2023 entered into by and amongst the General Partner, the Special Limited Partner and the Limited Partners
“Manager” or “Ningbo Meishan”	Ningbo Meishan Free Trade Port Area Xiangyuan Investment Management Co., Ltd.* (寧波梅山保稅港區襄源投資管理有限公司), a company established in the PRC with limited liability, the manager of the Fund under the Limited Partnership Agreement
“Mr. Tang”	Mr. Tang Hesong (湯和松)
“Ms. Yang”	Ms. Yang Liu (楊柳)

“Parallel Fund” or “Xiangning Fund”	Nanjing Xiangning Venture Capital Partnership (Limited Partnership)* (南京襄甯創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC and the parallel investment vehicle of the Fund
“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
“Shareholders”	shareholders of the Company
“Special Limited Partner” or “Gongqingcheng Xiangsheng”	Gongqingcheng Xiangsheng Investment Partnership (Limited Partnership)* (共青城襄盛投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar, the lawful currency of the United States of America
“Yixing Energy”	Yixing New Kinetic Energy Industry Fund Partnership (Limited Partnership)* (宜興新動能產業基金合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Yixing Taodu”	Yixing Taodu Science and Technology New City Development Co., Ltd.* (宜興陶都科技新城發展有限公司), 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, 14 July 2023

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. 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 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 only