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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 29 August 2022, the General Partner, FY Yunlian (a wholly-owned subsidiary of the Company) as limited partner and four (4) other 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 is RMB303,000,000, among which FY Yunlian shall contribute RMB30,000,000 to the Fund, representing approximately 9.9% of the total capital commitment 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 29 August 2022, the General Partner, FY Yunlian (a wholly-owned subsidiary of the Company) as limited partner and four (4) other 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 is RMB303,000,000, among which FY Yunlian shall contribute RMB30,000,000 to the Fund, representing approximately 9.9% of the total capital commitment to the Fund.

THE LIMITED PARTNERSHIP AGREEMENT

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

Date	29 August 2022
The Fund	The Fund was established on 22 March 2021 in the name of Shenzhen Shuncheng Health Investment Fund, L.P.* (深圳順澄健康投資企業(有限合夥)) under the law of PRC with limited liability by the General Partner and registered with Asset Management Association of China on 15 June 2021 pending capital injection from potential limited partners. The Fund has changed its name to Beijing Shuncheng Health Investment Enterprise (Limited Partnership)* (北京順澄健康投資企業(有限合夥)) with effect from 2 June 2022.
Parties	<p><i>General Partner</i></p> <p>(i) Beijing Shunjing</p> <p><i>Limited Partners</i></p> <p>(i) Beijing Chengrong (ii) Zhang Haiying (張海英) (iii) Beijing AIC (iv) Huzhou Shunjing (v) 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.

Purpose of the Fund and investment target To achieve investment returns through the engagement in investments in the fields of medical equipment, medical services and other health related fields focusing on unlisted companies.

Term of the Fund The initial term of the Fund will be five (5) years from the date of the registration of the Fund with Asset Management Association of China. Subject to the terms of the Limited Partnership Agreement, the Investment Decision Committee (as defined below) at its own discretion may: (i) extend the term of the Fund for an additional one (1) year from the expiry of the initial term (the “**First Extension**”); and (ii) further extend the term of the Fund for an additional one (1) year from the expiry of the First Extension (collectively, “**Extension Period**”).

The first two (2) years will be the investment period of the Fund (the “**Investment Period**”) while the last three (3) years will be the exit period (the “**Exit Period**”) of the Fund.

Capital commitment The total capital commitment to the Fund is RMB303,000,000, being the sum of the amount of capital commitment of the General 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	Percentage of total capital commitment
	<i>RMB</i>	<i>(approximate %)</i>
Beijing Shunjing	3,000,000	0.99
Beijing Chengrong	180,000,000	59.41
Zhang Haiying (張海英)	50,000,000	16.50
Beijing AIC	20,000,000	6.60
Huzhou Shunjing	20,000,000	6.60
FY Yunlian	30,000,000	9.90
	<u>303,000,000</u>	<u>100%</u>

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 five (5) business days after the date of such written notice.

Subject to the terms of the Limited Partnership Agreement and the consensus of all partners, the General Partner may raise additional funds to be contributed by either existing or new Limited Partners. 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 and the Limited Partners with reference to the anticipated capital requirements of the Fund.

In December 2021, FY Yunlian (as limited partner) entered into a limited partnership agreement (the “**2021 Limited Partnership Agreement**”) with the General Partner to inject capital to the Fund, pursuant to which, FY Yunlian has agreed to pay and paid RMB4 million as its capital contribution. As FY Yunlian has entered into the Limited Partnership Agreement, FY Yunlian and the General Partner has agreed that the paid RMB4 million under the 2021 Limited Partnership Agreement will be counted as the capital injection to the Fund under the Limited Partnership Agreement on a dollar-for-dollar basis.

The Group intends to fund the remaining outstanding capital commitment of RMB26 million to be contributed by its internal resources.

Implementation of
partnership affairs

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, the Manager and Investment Decision Committee (as defined below) respectively.

Investment Decision
Committee

An investment decision committee (the “**Investment Decision Committee**”) comprising three (3) members will be established to make investment decisions for the Fund. Members of the Investment Decision Committee shall be appointed by the General Partner.

The Manager

Shuncheng Management will be designated by the General Partner to act as the Manager of the Fund. 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 scope of duty, management fee calculation and the payment.

Profit distribution and loss
sharing

Cash Distribution

Income derived from the realization of investment projects of the Fund shall be distributed in the following order:

- (i) distributed to the Limited Partners in proportion to each partner’s respective paid-up capital contribution until the cumulative distributions (the “**First Distribution**”) to such partner equals to the amount of such partner’s paid-up capital contribution (if the income is less than the amount of First Distribution, such income shall be distributed to Limited Partners in proportion to their respective paid-up contribution);
- (ii) distributed to the Limited Partners such that each Limited Partner has received cumulative distributions (the “**Second Distribution**”) in an amount equals to a simple interest rate of 8% per annum on such Limited Partners’ paid-up capital contribution (if the remaining income after the First Distribution is less than the amount of Second Distribution, such remaining income shall be distributed to Limited Partners in proportion to their respective paid-up contribution);

- (iii) distributed to the General Partner such that the General Partner has received cumulative distributions in an amount equals to 25% of the Second Distribution; and
- (iv) 20% of any remaining income shall be distributed to General Partner and 80% of such remaining income shall be distributed to the Limited Partners in proportion to their respective paid-up contribution.

Non-cash distributions

The distribution shall be made in cash unless approved by partners whose capital commitment representing not less than three fourths of the total capital commitment of partners in the meeting of partners. During the liquidation of the Fund, the General Partner may at its discretion to make non-cash distributions if it is in the best interest of all partners. 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; and
- (ii) for other non-cash assets, the General Partner shall appoint an independent third party valuer to assess and confirm the value of such non-cash assets according to the valuation standards adopted in the PRC.

Loss sharing

Subject to the terms of the Limited Partnership Agreement, the General Partner shall assume unlimited liability to the loss of the Fund while the Limited Partners shall assume limited liability to the extent of 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 General Partner being removed from the position of executive partner without an alternate executive partner being appointed pursuant to the Limited Partnership Agreement;
- (iii) the number of partners are below the quorum required by relevant regulations for thirty (30) days;
- (iv) the purpose of the Limited Partnership Agreement becomes unattainable;
- (v) the business license of the Fund is revoked or withdrawn or the Fund is ordered to be closed under the relevant PRC laws;
- (vi) all the partners agree to dissolve the Fund; and
- (vii) dissolve according to the relevant PRC laws for other reasons.

The Fund will not become a subsidiary of the Group after the capital injection made by FY Yuanlin 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 of medical equipment, medical services and other health related fields 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.

Through participating in the Fund with the Manager and the General Partner, the Group will be able to make use of their extensive investment management experience and invest in promising companies in the fields of medical equipment, medical services and other health related fields in the early stage of development or growth. The Manager has extensive experience in managing funds. Its management team has a total of 3 members with a core operation team consisting of 8 members, with excellent fund management experience (local and overseas), and most of the members have more than 10 years investment and mergers and acquisitions, equity investment and financial management in large domestic and foreign enterprises. Since 2013, the Manager has managed four funds and three invested target companies have successfully listed. The core members of the General Partner also have more than 10 years extensive experience in investment management and equity investment. Mr. Li Wenhong (李文鴻) as the ultimate beneficial owner of the General Partner and the Manager, obtained the EMBA degree from PBC School of Finance at Tsinghua University, who have more than 20 years working experience in equity investment and fund management and have extensive experience in the venture capital investment in the fields of medical equipment and health-related industry.

The Fund mainly invests in unlisted enterprises in the fields of medical equipment, medical services and other health related fields. The Board believes that medical devices and health-related fields will have plenty of potential for growth as in China, these industries are regarded as sunrise industries with rapid development momentum and broad market prospects:

- (i) According to the notice of the Ministry of Science and Technology of China, the National Health and Family Planning Commission, the General Administration of Sports, the China Food and Drug Administration, State Administration of Traditional Chinese Medicine and Logistics Department of the Military Commission of the CPC Central Committee on the issuance of the “13th Five-Year Plan for Sanitary and Health Technology Innovation Project”, China has further refined its strategic deployment in the field of sanitary and health, giving strategic development priority to people’s health, valuing technology innovation as the core of sanitary and health development, and encouraging domestic medical device enterprises to innovate and implement import substitution;

- (ii) According to the notice of General Office of the National Health Commission on the issuance of the implementation plan for the separation of operation permits and business licenses reform relating to the large medical equipment allocation of private medical institutions, licenses for the large equipment allocation will be relaxed as stated in the “Catalog of License Administration for the Allocation of Large Medical Equipment”, increasing the allocation rate of large medical devices;
- (iii) In accordance with the “Guiding Principles for Planning the Establishment of Medical Institutions (2021-2025)” issued by the National Health Commission, social forces are encouraged to establish non-profit medical institutions in rehabilitation, nursing and other shortage specialties, and medical institutions established by social forces are encouraged to take the lead in establishing or joining healthcare consortium, with an aim to strengthen the standardized management and quality control of private medical institutions;
- (iv) According to the “Medical Device Industry Development Prospect Analysis Report” released by Chinabgao.com, the market demand and investment scale of portable medical device industry in China is expected to reach RMB1,841.4 billion by 2025; and
- (v) According to the “Advisory Report on Panoramic Research and Development Strategy Study of Medical Device Industry in China (2022-2026)”, a research report published by Chinairn.com, the market size of medical device in China is forecasted to exceed trillion by 2025, reaching RMB1,401.0 billion.

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 and the supply of medical equipment in the PRC.

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

The General Partner, Beijing Chengrong, the Manager

The General Partner is a limited partnership established in the PRC principally engaged in investment activities and advisory services. Based on public information available, as at the date of this announcement, the General Partner is beneficially owned as to 99% by Beijing Chengrong, 0.66% by Li Wenhong (李文鴻), 0.33% by Beijing Hongqing Consulting Service Co., Ltd.* (北京鴻清諮詢服務有限公司) (which is in turn owned as to 90% by Li Wenhong (李文鴻) and 10% by Xu Kaili (許開莉)).

Beijing Chengrong is a limited partnership established in the PRC principally engaged in investment and asset management. Based on public information available, as at the date of this announcement, Beijing Chengrong is owned as to 3.33% by Li Wenhong (李文鴻), 3.33% by Beijing Chengrong Investment Consulting Co., Ltd.* (北京澄融投資顧問有限公司) (“**Chengrong Investment**”) (which is in turn owned as to 100% by Li Wenhong (李文鴻)) and 93.33% by Zhoushan Chengrong Equity Investment Partnership (Limited Partnership)* (舟山澄融股權投資合夥企業(有限合夥)) (which is in turn owned as to 99% by Li Wenhong (李文鴻) and 1% by Chengrong Investment).

The Manager is a company established in the PRC with limited liability and principally engaged in investment management, consulting service and equity investment management. Based on public information available, as at the date of this announcement, the Manager is owned as to 90% by Beijing Chengrong and 10% by Beijing Chengyun Health Management Center (Limited Partnership)* (北京澄雲健康管理中心(有限合夥)) (which is in turn owned as to 50% by Beijing Chengrong, 49% by Li Wenhong (李文鴻) and 1% by Chengrong Investment).

Beijing AIC

Beijing AIC is a collective ownership company established under the laws of the PRC principally engaged in general industrial and agricultural production and other related commercial business. Based on public information available, as at the date of this announcement, Beijing AIC is an enterprise of collective ownership, and is wholly owned by Beijing Haidian District Economic Commission (北京市海澱區經濟委員會).

Huzhou Shunjing

Huzhou Shunjing is a limited partnership established under the laws of the PRC principally engaged in investment activities and advisory services. Based on public information available, as at the date of this announcement, Huzhou Shunjing is owned as to 41.4% by Zeng Wenli (曾文麗), 40% by Huzhou Yaokang Health Management Partnership (Limited Partnership)* (湖州耀康健康管理合夥企業(有限合夥)) (which is in turn owned as to 95% by Qin Jing (秦勁), 3% by Kuang Jianling (鄺健玲) and 2% by Mo Miaorong (莫妙容)), 6% by Zhang Weiqiang (張偉強), 6% by Guangzhou Huangma Simiao Investment Partnership (Limited Partnership)* (廣州黃馬思邈投資合夥企業(有限合夥)) (which is in turn owned as to 90% by Ma Xiaomi (馬小謎) and 10% by Gu Jing (顧靜)), 2.7% by Shi Jianhua (史建花), 1.5% by Shi Guilan (史桂蘭), 1.2% by Mo Miaorong (莫妙容), 0.6% by Kuang Jianling (鄺健玲) and 0.6% by Peng Yanxia (彭燕霞).

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
“Beijing AIC”	Beijing Haidian District Jinghai Agricultural Industry and Commerce Company* (北京市海澱區京海農工商公司), a collective ownership company established under the laws of the PRC
“Beijing Chengrong”	Beijing Chengrong Investment Management Center (Limited Partnership)* (北京澄融投資管理中心(有限合夥)), a limited partnership established under the laws of the PRC
“Beijing Shunjing” or “General Partner”	Beijing Shunjing Houze Health Technology Development Center (Limited Partnership)* (北京順景厚澤健康科技發展中心(有限合夥)), a limited partnership established under the laws of the PRC, the general partner of the Fund under the Limited Partnership Agreement
“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”	Beijing Shuncheng Health Investment Enterprise (Limited Partnership)* (北京順澄健康投資企業(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

“GEM”	GEM operated by the Stock Exchange
“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 traded in Hong Kong dollars and are listed on the GEM
“Huzhou Shunjing”	Huzhou Shunjing Enterprise Management Consulting Partnership (Limited Partnership)* (湖州順景企業管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws 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 Partners”	the limited partners of the Fund as admitted by the General Partner from time to time pursuant to the Limited Partnership Agreement, including Beijing Chengrong, Zhang Haiying (張海英), Beijing AIC, Huzhou Shunjing and FY Yunlian and “Limited Partner” means any one of them
“Limited Partnership Agreement”	the limited partnership agreement dated 29 August 2022 entered into by and amongst the General Partner and the Limited Partners
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company

“Shuncheng Management” or “Manager”	Beijing Shuncheng Equity Investment Fund Management Co., Ltd.* (北京順澄股權投資基金管理有限公司), a company established in the PRC with limited liability, the manager of the Fund under the Limited Partnership Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 29 August 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 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*