

富銀融資租賃(深圳)股份有限公司 FY Financial (Shenzhen) Co., Ltd.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 8452

2017 Third Quarterly Report

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE (THE “GEM”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, 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 report 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 report misleading.

Hong Kong Exchanges and Clearing Limited and the Stock Exchanges take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

CONTENTS

| | |
|--|----|
| Condensed Consolidated Statement of Comprehensive Income | 3 |
| Notes to the Condensed Consolidated Financial Statements | 4 |
| Management Discussion and Analysis | 10 |
| Corporate Governance and Other Information | 13 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2017

| | Notes | Three months ended 30 September | | Nine months ended 30 September | |
|--|-------|------------------------------------|----------------------------|-----------------------------------|----------------------------|
| | | 2017 RMB (Unaudited) | 2016 RMB (Unaudited) | 2017 RMB (Unaudited) | 2016 RMB (Unaudited) |
| Revenue | 3 | 26,627,362 | 16,043,619 | 66,498,866 | 49,817,475 |
| Direct costs | | (4,604,501) | (2,455,914) | (16,797,542) | (5,876,859) |
| Gross profit | | 22,022,861 | 13,587,705 | 49,701,324 | 43,940,616 |
| Other income and gains | 3 | 400,525 | 403,110 | 1,946,796 | 986,096 |
| Operating expenses | | (2,363,855) | (1,800,325) | (6,225,520) | (5,150,547) |
| Administrative expenses | | (6,468,408) | (4,788,793) | (17,637,725) | (12,934,499) |
| (Provision for)/reversal of impairment loss on accounts receivable, net | | (220,739) | (390,648) | (2,721,921) | 195,151 |
| Listing expenses | | — | — | (9,400,117) | (3,848,127) |
| Profit before income tax | 4 | 13,370,384 | 7,011,049 | 15,662,837 | 23,188,690 |
| Income tax expense | 5 | (3,673,527) | (1,781,397) | (5,169,295) | (6,814,633) |
| Profit and total comprehensive income for the period attributable to equity owners of the Company | | 9,696,857 | 5,229,652 | 10,493,542 | 16,374,057 |
| | | RMB cents | RMB cents | RMB cents | RMB cents |
| Earnings per share: | 6 | | | | |
| – Basic | | 2.7 | 1.9 | 3.4 | 6.1 |
| – Diluted | | 2.7 | 1.9 | 3.4 | 6.1 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

1. CORPORATE INFORMATION

The Company was established in the People's Republic of China (the "PRC") on 7 December 2012 as a sino-foreign equity joint venture enterprise and was converted to a joint stock company with limited liability under the Company Law of the PRC on 10 September 2015. The address of its registered office is Room 201, Block A, No.1, Qianwan First Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, the PRC and the principal place of business is Room 3001, Shenzhen International Culture Building, Futian Road, Futian District, Shenzhen, Guangdong, the PRC. The Company's overseas-listed foreign shares ("H Shares") have been listed on the GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 23 May 2017 (the "Listing Date").

The Company is principally engaged in financial leasing and provision of advisory services. The Group is principally engaged in financial leasing, provision of factoring and advisory services in the PRC.

As at the date of this report, the Company's ultimate parent company is Ningbo Qinggang Investment Co., Ltd (寧波青剛投資有限公司), a company established in the PRC.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standard ("HKAS") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The unaudited consolidated financial statements for the nine months ended 30 September 2017 have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 December 2016 as set out in the Appendix I of the prospectus of the Company dated 10 May 2017, except for the accounting policy changes and new and revised HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2017.

The unaudited condensed consolidated financial statements are presented in RMB, which is also the functional currency of the Company, unless otherwise indicated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

3. REVENUE AND OTHER INCOME AND GAINS

An analysis of the revenue from the Group's principal activities (note 1) and other income and gains is as follows:

| | Three months ended | | Nine months ended | |
|--|--------------------|-------------------|-------------------|-------------------|
| | 30 September | | 30 September | |
| | 2017 | 2016 | 2017 | 2016 |
| | RMB | RMB | RMB | RMB |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Revenue | | | | |
| Finance lease income | 19,012,016 | 7,425,568 | 48,726,970 | 29,195,212 |
| Factoring income | 1,732,430 | 2,043,579 | 4,181,056 | 9,965,982 |
| Advisory service fee income | 5,953,725 | 6,589,678 | 13,680,629 | 10,966,857 |
| Business tax and surcharge | (70,809) | (15,206) | (89,789) | (310,576) |
| | 26,627,362 | 16,043,619 | 66,498,866 | 49,817,475 |
| Other income and gains | | | | |
| Bank interest income | 53,453 | 7,049 | 66,222 | 64,677 |
| Interest income from available-for-sale financial assets | — | 2,464 | 519,231 | 9,642 |
| Interest income from short-term investments | 7,120 | — | 382,627 | — |
| Recharge of insurance premium (note) | 326,106 | 320,782 | 867,959 | 562,201 |
| Others | 13,846 | 72,815 | 110,757 | 349,576 |
| | 400,525 | 403,110 | 1,946,796 | 986,096 |

Note: The amount mainly represented the mark-up on recharge of insurance premium for the lease assets paid by the Group and recharged to its finance lease customers.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

4. PROFIT BEFORE INCOME TAX

| | Three months ended | | Nine months ended | |
|--|--------------------|-------------|-------------------|-------------|
| | 30 September | | 30 September | |
| | 2017 | 2016 | 2017 | 2016 |
| | RMB | RMB | RMB | RMB |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Profit before income tax is arrived at after charging: | | | | |
| Costs of borrowings included in direct costs: | 4,604,501 | 2,455,914 | 16,797,542 | 5,876,859 |
| – Interest expenses on interest-bearing bank and other borrowings** | 3,537,242 | 2,432,472 | 15,730,283 | 3,793,369 |
| – Arrangement fee for corporate guarantee** | — | — | — | 361,644 |
| – Bank charges and other expenses | 571,480 | — | 571,480 | 306,187 |
| – Interest charge on amount due to an intermediate holding company** | 495,779 | 23,442 | 495,779 | 1,415,659 |
| Depreciation of plant and equipment* | 67,036 | 63,440 | 198,980 | 239,000 |
| Operating lease rentals in respect of land and buildings | 340,982 | 331,309 | 1,007,843 | 1,072,419 |
| Loss on disposal of plant and equipment | 4,929 | — | 5,651 | 399 |
| Exchange loss | 51,426 | — | 836,896 | — |
| Staff costs (including directors' emoluments) comprise: | 4,709,103 | 4,129,638 | 13,458,130 | 10,528,013 |
| – Salaries, allowances and benefits in kind | 3,653,807 | 3,375,900 | 10,549,664 | 8,728,116 |
| – Discretionary bonuses | 295,515 | 114,450 | 685,193 | 125,247 |
| – Contributions to defined contribution retirement plan | 759,781 | 639,288 | 2,223,273 | 1,674,650 |

* Depreciation charges are recognised in the condensed consolidated statement of comprehensive income as administrative expenses for the three months and nine months ended 30 September 2017 and 2016.

** These items represent the finance costs of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

5. INCOME TAX EXPENSE

| | Three months ended | | Nine months ended | |
|-------------------------------------|--------------------|------------------|-------------------|------------------|
| | 30 September | | 30 September | |
| | 2017 | 2016 | 2017 | 2016 |
| | RMB | RMB | RMB | RMB |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Income tax | | | | |
| – Current period | 3,786,707 | 1,781,397 | 5,361,423 | 4,595,275 |
| – Under-provision in prior years | — | — | (25,675) | — |
| Deferred tax | | | | |
| – (Credited)/charged for the period | (113,180) | — | (166,453) | 2,219,358 |
| Income tax expense | 3,673,527 | 1,781,397 | 5,169,295 | 6,814,633 |

The Company and its subsidiaries were established in the PRC which are subject to the enterprise income tax in the PRC.

Provision for the enterprise income tax in the PRC is calculated based on a statutory tax rate of 25% of the estimated assessable profits as determined in accordance with the relevant income tax law in the PRC in the periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

6. EARNINGS PER SHARE

Basic earnings per share

The basic earnings per share for the period are calculated based on the following data:

| | Three months ended | | Nine months ended | |
|---|--------------------|-------------|-------------------|-------------|
| | 30 September | | 30 September | |
| | 2017 | 2016 | 2017 | 2016 |
| | RMB | RMB | RMB | RMB |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Profit attributable to equity owners of the Company | 9,696,857 | 5,229,652 | 10,493,542 | 16,374,057 |

| | Numbers of shares | | | |
|--|--------------------|-------------|-------------------|-------------|
| | Three months ended | | Nine months ended | |
| | 30 September | | 30 September | |
| | 2017 | 2016 | 2017 | 2016 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | 359,340,000 | 269,500,000 | 312,610,037 | 269,500,000 |

Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the three months and nine months ended 30 September 2017 and 2016, and hence the diluted earnings per share are the same as basic earnings per share.

7. DIVIDENDS

No dividends were paid, declared or proposed during the nine months ended 30 September 2017 (nine months ended 30 September 2016: nil). The directors (the “Directors”) of FY Financial (Shenzhen) Co., Ltd. (the “Company”, together with its subsidiaries, the “Group”) do not recommend the payment of a dividend in respect of the nine months ended 30 September 2017 (nine months ended 30 September 2016: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2017

8. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

| | Equity attributable to owners of the Company | | | | | Total equity |
|--|--|----------------|-----------------|-------------------|--|--------------|
| | Share capital | Merger reserve | Capital reserve | Statutory reserve | (Accumulated losses)/ retained profits | |
| | RMB | RMB | RMB | RMB | RMB | RMB |
| At 1 January 2016 (<i>audited</i>) | 269,500,000 | 1,582,035 | 26,667,317 | 602,652 | (5,236,474) | 293,115,530 |
| Profit and total comprehensive income for the period | — | — | — | — | 16,374,057 | 16,374,057 |
| At 30 September 2016 (<i>unaudited</i>) | 269,500,000 | 1,582,035 | 26,667,317 | 602,652 | 11,137,583 | 309,489,587 |
| At 1 January 2017 (<i>audited</i>) | 269,500,000 | 1,582,035 | 26,667,317 | 2,578,936 | 8,956,450 | 309,284,738 |
| Profit and total comprehensive income for the period | — | — | — | — | 10,493,542 | 10,493,542 |
| Transactions with owners: | | | | | | |
| Issuance of H Shares | 89,840,000 | — | 13,951,150 | — | — | 103,791,150 |
| Share issue expenses | — | — | (9,521,628) | — | — | (9,521,628) |
| | 89,840,000 | — | 4,429,522 | — | — | 94,269,522 |
| At 30 September 2017 (<i>unaudited</i>) | 359,340,000 | 1,582,035 | 31,096,839 | 2,578,936 | 19,449,992 | 414,047,802 |

* All percentages calculated in this report are calculated by increasing the number to the nearest million.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the nine months ended 30 September 2017, the Group continued to engage in financial leasing, commercial factoring and advisory services in the PRC.

On 6 July 2017, the Company established a wholly-owned subsidiary in Tianjin, namely Tianjin Fuyin Leasing Co., Ltd (天津富銀租賃有限公司), with a registered capital of RMB170.00 million, to expand its finance leasing business.

During the reporting period, the Company continued to fully utilize the Group's diversified customer base and the relationship with its customers to expand the medical device trading business while stably developing finance leasing services for the fast-moving consumer products, electronic products, medical, new energy and transportation industries, gradually build the medical 4S business model, steadily push forward the small-sized and commercial vehicle businesses, and build the relevant business and risk control teams.

FINANCIAL REVIEW

Overall performance

During the reporting period, the Group maintained a steady growth in its revenue and recorded a revenue of approximately RMB66.50 million, representing an increase of approximately 33.48% from approximately RMB49.82 million for the same period of last year. The revenue growth was mainly due to the expansion of the financial leasing business. During the reporting period, the Group recorded a profit of approximately RMB10.49 million after deducting listing expenses, representing a decrease of approximately 35.92% from approximately RMB16.37 million for the same period of last year. The decrease in profit was mainly attributed to the listing expenses of approximately RMB9.40 million for the nine months ended 30 September 2017, representing an increase of approximately 144.16% from approximately RMB3.85 million for the same period of last year. Taking no account of the impact of the listing expenses, the Group would have recorded profit of approximately RMB19.89 million, representing a year-on-year decrease of approximately 1.63%. The decrease was mainly attributable to the increase of the direct costs and expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Direct costs

The Group's main cost items were interest expenses on bank borrowing. During the reporting period, the Group's direct costs amounted to approximately RMB16.80 million, representing an increase of approximately 185.71% from approximately RMB5.88 million for the same period of last year, which was mainly due to the increase in interest-bearing bank borrowings.

Other income and gains

During the reporting period, the Group's other income and gains amounted to approximately RMB1.95 million, representing an increase of approximately 96.97% from approximately RMB0.99 million for the same period of last year. The increase was primarily attributable to the increase in recharge on insurance premium and financing income.

Operating expenses

During the reporting period, the Group's operating expenses amounted to approximately RMB6.23 million, representing an increase of approximately 20.97% from approximately RMB5.15 million for the same period of last year, which was mainly due to the increase in salaries and benefits as a result of the increase in the total number of the sales personnel of the Group.

Administrative expenses

During the reporting period, the Group's administrative expenses amounted to approximately RMB17.64 million, representing an increase of approximately 36.43% from approximately RMB12.93 million for the same period of last year. The increase was mainly due to the increase in salaries and benefits as a result of the increase in the total number of administrative staff of the Group.

Provision for/reversal of impairment loss on accounts receivables

During the reporting period, the Group's provision for impairment loss on accounts receivable was approximately RMB2.72 million, while reversal of impairment loss on accounts receivable was approximately RMB0.20 million for the same period of last year, which was mainly due to an increase in the financial leasing projects launched and the early settlement of several finance lease contracts during the reporting period, respectively.

Listing expenses

During the reporting period, the Group incurred listing expenses of approximately RMB9.40 million, which was non-recurring in nature.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

During the reporting period, the Group's income tax expense was approximately RMB5.17 million, representing a decrease of approximately 24.08% from approximately RMB6.81 million for the same period of last year, which was mainly due to the increase in costs and expenses and the decrease in profit before income tax.

ADVANCE TO AN ENTITY

Pursuant to the Rules 17.15 and 17.17 of the GEM Listing Rules, a disclosure obligation shall be fulfilled where the relevant advance to an entity from the Group exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules. In this regard, the Company published an announcement dated 6 August 2017 (the "Announcement") in relation to the finance lease agreements with and advance to Zhuhai Coslight Battery Company Limited (珠海光宇電池有限公司) (the "Lessee").

As disclosed in the Announcement, from 7 September 2015 to 23 June 2017, the Company entered into certain new sale-leaseback transactions with the Lessee and direct leasing transactions with, among others, the Lessee, pursuant to which the Company would purchase either from the Lessee (in sale-leaseback transactions) or the relevant suppliers (in direct leasing transactions) the lease assets and would lease to the Lessee such lease assets for a term of 36 months in return for lease payments.

As at 30 September 2017, the amount due to the Company from the Lessee exceeded 8% of the total assets of the Group. As such, the Company has further disclosure obligations under Rule 17.22 of the GEM Listing Rules.

The table below sets out the details of the new sale-leaseback transactions and direct leasing transactions:

| | |
|---|--|
| Amount due to the Company as at 30 September 2017: | Approximately RMB114.44 million |
| Financing term: | 36 months from the respective dates of advance, or such other date as agreed between the Company and the Lessee |
| Effective interest rate per annum: | Ranging from approximately 4.89% to approximately 5.48% |
| Repayment term: | The customer shall pay the finance lease principal amount and finance lease interest income (VAT inclusive) by 36 monthly instalments payable on the first day (in respect of the direct leasing transactions) or the last day (in respect of the sale-leaseback reconceptions) of the respective instalment periods during the respective financing terms |
| Collateral: | Certain production equipment and other ancillary, additional or substitution property of and rights in and interest accrued upon the production equipment |

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

The Group is committed to achieving high standards of corporate governance and a high level of transparency to safeguard the interests of its shareholder and enhance its corporate value by observing the principles and code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. During the period from the Listing Date to 30 September 2017, the Group had complied with all the code provisions as set out in the CG Code.

Audit Committee

The audit committee of the Company consists of three independent non-executive Directors, namely Mr. Fung Che Wai Anthony (the chairman of the audit committee), Mr. Hon Leung and Mr. Liu Shengwen. The audit committee, together with the management of the Company, has reviewed the accounting principles and policies adopted by the Group and unaudited condensed consolidated quarterly financial statements for the nine months ended 30 September 2017, together with the quarterly report.

Required Standard of Dealings

The Company has adopted a code of conduct for securities transactions by Directors and supervisors of the Company (the “Code of Conduct”) on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiries have been made to all Directors and supervisors of the Company (the “Supervisors”), and all Directors and Supervisors have confirmed that they had complied with the Code of Conduct throughout the period from the Listing Date to 30 September 2017.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTEREST

Interests and short positions held by substantial shareholders and other persons in the shares and underlying shares of the Company

As at 30 September 2017, to the best knowledge of the Directors, the following persons or corporations (other than Directors, Supervisors or chief executive of the Company) had or deemed to have any interest or short position in the shares and underlying shares of the Company which had to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (“SFO”) and were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

| Name of shareholder | Class of shares | Nature of interest | Number of shares held or deemed to hold in the relevant class of shares ⁽¹⁾ | Percentage to relevant class of shares (approx.) | Number of shares held or deemed to hold in the total share capital of the Company ⁽¹⁾ | Percentage to total share capital of the Company (approx.) |
|--|-------------------------|--------------------------------------|--|--|--|--|
| Hong Kong Shanshan Resources Company Limited (“Shanshan HK”) ^{(2) (3) (4) (5)} | Unlisted Foreign Shares | Beneficial owner | 149,500,000 (L) | 100% | 149,500,000 (L) | 41.60% |
| Ningbo Shanshan Co., Ltd. (“Shanshan”) ⁽²⁾ | Unlisted Foreign Shares | Interest of a controlled corporation | 149,500,000 (L) | 100% | 149,500,000 (L) | 41.60% |
| | Domestic Shares | Interest of a controlled corporation | 2,000,000 (L) | 1.67% | 2,000,000 (L) | 0.56% |
| Shanshan Group Co., Ltd. (“Shanshan Group”) ⁽³⁾ | Unlisted Foreign Shares | Interest of a controlled corporation | 149,500,000 (L) | 100% | 149,500,000 (L) | 41.60% |
| | Domestic Shares | Interest of a controlled corporation | 2,000,000 (L) | 1.67% | 2,000,000 (L) | 0.56% |

CORPORATE GOVERNANCE AND OTHER INFORMATION

| Name of shareholder | Class of shares | Nature of interest | Number of shares held or deemed to hold in the relevant class of shares ⁽¹⁾ | Percentage to relevant class of shares (approx.) | Number of shares held or deemed to hold in the total share capital of the Company ⁽¹⁾ | Percentage to total share capital of the Company (approx.) |
|---|-------------------------|--------------------------------------|--|--|--|--|
| Ningbo Yonggang Clothing Investment Co., Ltd. ("Ningbo Yonggang") ⁽⁴⁾ | Unlisted Foreign Shares | Interest of a controlled corporation | 149,500,000 (L) | 100% | 149,500,000 (L) | 41.60% |
| | Domestic Shares | Interest of a controlled corporation | 2,000,000 (L) | 1.67% | 2,000,000 (L) | 0.56% |
| Shanshan Holding Co., Ltd. ("Shanshan Holding") ⁽⁵⁾ | Unlisted Foreign Shares | Interest of a controlled corporation | 149,500,000 (L) | 100% | 149,500,000 (L) | 41.60% |
| | Domestic Shares | Interest of a controlled corporation | 2,000,000 (L) | 1.67% | 2,000,000 (L) | 0.56% |
| Ningbo Qinggang Investment Co., Ltd. ("Qinggang Investment") ⁽⁶⁾ | Unlisted Foreign Shares | Interest of a controlled corporation | 149,500,000 (L) | 100% | 149,500,000 (L) | 41.60% |
| | Domestic Shares | Interest of a controlled corporation | 2,000,000 (L) | 1.67% | 2,000,000 (L) | 0.56% |
| Mr. Zheng Yonggang ⁽⁷⁾ | Unlisted Foreign Shares | Interest of a controlled corporation | 149,500,000 (L) | 100% | 149,500,000 (L) | 41.60% |
| | Domestic Shares | Interest of a controlled corporation | 2,000,000 (L) | 1.67% | 2,000,000 (L) | 0.56% |

CORPORATE GOVERNANCE AND OTHER INFORMATION

| Name of shareholder | Class of shares | Nature of interest | Number of shares held or deemed to hold in the relevant class of shares ⁽¹⁾ | Percentage to relevant class of shares (approx.) | Number of shares held or deemed to hold in the total share capital of the Company ⁽¹⁾ | Percentage to total share capital of the Company (approx.) |
|--|-------------------------|--------------------------------------|--|--|--|--|
| Ms. Zhou Jiqing ⁽⁷⁾ | Unlisted Foreign Shares | Interest of a controlled corporation | 149,500,000 (L) | 100% | 149,500,000 (L) | 41.60% |
| | Domestic Shares | Interest of a controlled corporation | 2,000,000 (L) | 1.67% | 2,000,000 (L) | 0.56% |
| Beijing Municipality Dayuan Tiandi Properep Development Co., Ltd. ("Dayuan Tiandi") ⁽⁸⁾ | Domestic Shares | Beneficial owner | 80,000,000 (L) | 66.67% | 80,000,000 (L) | 22.26% |
| Mr. Zhao Dehua ⁽⁸⁾ | Domestic Shares | Interest of a controlled corporation | 80,000,000 (L) | 66.67% | 80,000,000 (L) | 22.26% |
| Mr. Gong Liang ⁽⁸⁾ | Domestic Shares | Interest of a controlled corporation | 80,000,000 (L) | 66.67% | 80,000,000 (L) | 22.26% |
| KKC Capital SPC - KKC Capital High Growth Fund Segregated Portfolio ⁽⁹⁾ | H Shares | Beneficial owner | 9,408,000 (L) | 10.47% | 9,408,000 (L) | 2.62% |
| KKC Capital Limited ⁽¹⁰⁾ | H Shares | Investment manager | 9,408,000 (L) | 10.47% | 9,408,000 (L) | 2.62% |
| Avia Asset Management Limited ⁽¹¹⁾ | H Shares | Investment manager | 9,408,000 (L) | 10.47% | 9,408,000 (L) | 2.62% |
| Mr. Chiu Wai Lap ⁽¹¹⁾ | H Shares | Interest of a controlled corporation | 9,408,000 (L) | 10.47% | 9,408,000 (L) | 2.62% |

CORPORATE GOVERNANCE AND OTHER INFORMATION

| Name of shareholder | Class of shares | Nature of interest | Number of shares held or deemed to hold in the relevant class of shares ⁽¹⁾ | Percentage to of shares (approx.) | Number of shares held or deemed to hold in the total share capital of the Company ⁽¹⁾ | Percentage to total share capital of the Company (approx.) |
|---|-----------------|--------------------|--|-----------------------------------|--|--|
| Tiger Capital Fund SPC - Tiger Global SP ⁽¹²⁾ | H Shares | Beneficial owner | 13,718,000 (L) | 15.27% | 13,718,000 (L) | 3.82% |
| A Plus Capital Management Limited ⁽¹²⁾ | H Shares | Investment manager | 13,718,000 (L) | 15.27% | 13,718,000 (L) | 3.82% |
| Full House Asset Management Company Limited ⁽¹³⁾ | H Shares | Investment manager | 17,118,000 (L) | 19.05% | 17,118,000 (L) | 4.76% |

Notes:

- (1) The letter “L” denotes the person’s long position in shares. As at 30 September 2017, the Company issued a total of 359,340,000 shares, including 120,000,000 domestic shares, 89,840,000 H Shares and 149,500,000 unlisted foreign shares.
- (2) Shanshan is a joint stock limited company established in the PRC whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600884) and is the sole shareholder of Shanshan HK. Shanshan is also indirectly interested in 80% of the equity interest of Shanghai Shanshan Chuanghui Venture Investment Management Co. Ltd. (上海杉杉創暉創業投資管理有限公司) which is the general partner of Nantong Shanshan Venture Capital Centre (Limited Partnership) (南通杉杉創業投資中心(有限合夥)) (“Nantong Shanshan”). By virtue of the SFO, Shanshan is deemed to be interested in the Shares held by Shanshan HK and Nantong Shanshan.
- (3) Shanshan Group holds 23.79% of the registered share capital of, and (together with Shanshan Holding) controls the majority of the board of directors of Shanshan. By virtue of the SFO, Shanshan Group is deemed to be interested in the shares held by Shanshan HK and Nantong Shanshan.
- (4) Ningbo Yonggang is interested in 12.96% of the registered capital of Shanshan Group, which (together with Shanshan Holding) controls the majority of the board of directors of Shanshan. By virtue of the SFO, Ningbo Yonggang is deemed to be interested in the shares held by Shanshan HK and Nantong Shanshan.
- (5) Shanshan Holding directly holds approximately 16.09% of the registered share capital of Shanshan and indirectly holds approximately 23.79% of the registered share capital of Shanshan through (i) Ningbo Yonggang (a corporation of which Shanshan Holdings is interested in 96.93% of its registered capital), and (ii) Shanshan Group (a corporation of which Shanshan Holding directly holds 67.14% and indirectly holds 12.96% through Ningbo Yonggang). By virtue of the SFO, Shanshan Holding is deemed to be interested in the shares held by Shanshan HK and Nantong Shanshan.
- (6) Qinggang Investment owns approximately 61.81% of the registered capital of Shanshan Holding. By virtue of the SFO, Qinggang Investment is deemed to be interested in the shares held by Shanshan HK and Nantong Shanshan.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (7) Qinggang Investment is owned as to 51% by Mr. Zheng Yonggang and 49% by Ms. Zhou Jiqing. By virtue of the SFO, Mr. Zheng Yonggang and Ms. Zhou Jiqing are deemed to be interested in the shares held by shanshan HK and Nantong Shanshan.
- (8) Dayuan Tiandi is owned as to 55% by Mr. Zhao Dehua and 45% by Mr. Gong Liang. By virtue of the SFO, Mr. Zhao Dehua and Mr. Gong Liang are deemed to be interested in the shares held by Dayuan Tiandi.
- (9) According to the information available on the website of the Stock Exchange, 9,408,000 H Shares were held by KKC Capital SPC — KKC Capital High Growth Fund Segregated Portfolio as beneficial owner.
- (10) According to the information available on the website of the Stock Exchange, 9,408,000 H Shares were held by KKC Capital Limited as investment manager.
- (11) According to the information available on the website of the Stock Exchange, 9,408,000 H Shares were held by Avia Asset Management Limited as investment manager and Avia Asset Management Limited was wholly owned by Mr. Chiu Wai Lap.
- (12) According to the information available on the website of the Stock Exchange, 13,718,000 H Shares were held by Tiger Capital Fund SPC — Tiger Global SP as beneficial owner and Tiger Capital Fund SPC — Tiger Global SP was directly wholly owned by A Plus Capital Management Limited.
- (13) According to the information available on the website of the Stock Exchange, 17,118,000 H Shares were held by Full House Asset Management Company Limited as investment manager.

Save as disclosed above, as at 30 September 2017, the Directors were not aware of any other person or corporation which had any interest or short position in the shares or underlying shares of the Company which had to be required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or interested in any share option in connection with such capital.

Interests and short positions held by Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 September 2017, none of the Directors, Supervisors and chief executive of the Company had (a) any interest and short position (including any interest and/or short position deemed or taken to be owned by them under the SFO requirements) in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) any interest and short position which had to be recorded in the register mentioned in Section 352 of the SFO; or (c) any interest and short position which had to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors and supervisors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIVIDEND

The Board did not recommend any dividend for the nine months ended 30 September 2017 (nine months ended 30 September 2016: nil).

COMPETING INTERESTS

The Directors have confirmed that, as at 30 September 2017, none of the Directors, controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) had any interests in any business (other than the Group) which competes or may compete with the business of the Group or any other conflicts of interest which such person has or may have with the Group which must be disclosed in this report.

INTEREST OF COMPLIANCE ADVISER

The Company has appointed Dongxing Securities (Hong Kong) Company Limited (“Dongxing Securities”) as the compliance adviser of the Company pursuant to Rule 6A.19 of the GEM Listing Rules. As advised by Dongxing Securities, as at the date of this report, save for the compliance adviser agreement entered into between the Company and Dongxing Securities dated 14 September 2016, Dongxing Securities or its directors, employees or close associates did not own any interest in the share capital of the Company or any member of the Group which had to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period from the Listing Date to 30 September 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

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

Hong Kong, 8 November 2017

CORPORATE GOVERNANCE AND OTHER INFORMATION

As at the date of this report, 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)