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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)**

### **MAJOR TRANSACTION FURTHER SUBSCRIPTION OF SHARES IN SHANGHAI KYMS CLOUD TECHNOLOGY CO., LTD.**

#### **THE SECOND SUBSCRIPTION AGREEMENT**

The Board wishes to announce that on 30 September 2021, the Subscriber (a wholly-owned subsidiary of the Company), entered into the Second Subscription Agreement with Shanghai KYMS, pursuant to which the Subscriber has conditionally agreed to subscribe for, and Shanghai KYMS has conditionally agreed to allot and issue the Second Subscription Shares, representing approximately 14.35% of the issued share capital of Shanghai KYMS as enlarged by the allotment and issue of the Second Subscription Shares, at the Second Subscription Price of RMB34,465,139.28.

As at the date of this announcement, the Group, through the Subscriber, already owns 7.55% of the issued share capital of Shanghai KYMS. Upon Completion, the Group will own 20.81% of the issued share capital of Shanghai KYMS, and Shanghai KYMS will be accounted for as an associate (as defined under relevant accounting standards) of the Group.

#### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more of the applicable percentage ratios in respect of the Second Subscription, on a standalone basis or in aggregate with the First Subscription, is more than 25% but all of the applicable ratios are less than 100%, the entering into of the Second Subscription Agreement constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

## **GENERAL**

The Company will convene an EGM to consider, and if thought fit, approve the Second Subscription Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Second Subscription Shares).

Pursuant to Rule 20.66(11) of the GEM Listing Rules, a circular containing, among other things, further details of the Second Subscription Agreement and a notice convening the EGM, shall be despatched to the Shareholders within 15 business days after the publication of this announcement. As more time is required to finalise certain information to be included in the circular including but not limited to the statement of indebtedness, management discussion and analysis of Shanghai KYMS, unaudited pro forma financial information of the enlarged group and working capital sufficiency statement, it is expected that the circular will be despatched to the Shareholders on or before 2 December 2021.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of the conditions precedent under the Second Subscription Agreement. The Second Subscription may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the H Shares and other securities of the Company.**

## **INTRODUCTION**

Reference is made to the Announcements in relation to the First Subscription.

The Board wishes to announce that on 30 September 2021, the Subscriber (a wholly-owned subsidiary of the Company) entered into the Second Subscription Agreement with Shanghai KYMS, pursuant to which the Subscriber has conditionally agreed to subscribe for, and Shanghai KYMS has conditionally agreed to allot and issue the Second Subscription Shares, representing approximately 14.35% of the issued share capital of Shanghai KYMS as enlarged by the allotment and issue of the Second Subscription Shares, at the Second Subscription Price of RMB34,465,139.28.

The principal terms and conditions of the Second Subscription Agreement are summarised as follows:

## **THE SECOND SUBSCRIPTION AGREEMENT**

### **Date**

30 September 2021

## **Parties**

- (i) Zhuhai Fuyin Yunlian Investment Management Co., Ltd.\* (as the Subscriber)
- (ii) Shanghai KYMS Cloud Technology Co., Ltd. (as the issuer)

As at the date of this announcement, Shanghai KYMS is owned as to 7.55% by the Subscriber as a result of the First Subscription. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of Shanghai KYMS and the ultimate beneficial owners of Shanghai KYMS is an Independent Third Party.

## **Second Subscription**

Pursuant to the Second Subscription Agreement, the Subscriber has agreed to subscribe for, and Shanghai KYMS has agreed to allot and issue the Second Subscription Shares, being 8,703,318 new shares of Shanghai KYMS, representing approximately 14.35% of the issued share capital of Shanghai KYMS as enlarged by the allotment and issue of the Second Subscription Shares.

The Second Subscription Shares, when allotted, issued and fully paid, shall rank pari passu in all respects among themselves and with all the shares of Shanghai KYMS in issue on the date of allotment and issue of the Second Subscription Shares. According to the Administrative Measures for the Acquisition of Non-listed Public Companies (《非上市公眾公司收購管理辦法》), if an investor together with the persons acting in concert with it holds 10% or more of the issued shares of a public company which are listed on the NEEQ, then the investor and the persons acting in concert with it (i) are required to submit a filing to the NEEQ whenever their shareholding in the public company increase or decrease by 5% within two days of the change in shareholding and (ii) are restricted from dealing in the shares of the public company from the date the change in shareholding takes place to two days after the said filing is made. As Shanghai KYMS shares are listed on the NEEQ, the Subscriber is subject to the aforementioned dealing restriction in respect of the First Subscription Shares and the Second Subscription Shares after Completion.

## **Second Subscription Price**

The Second Subscription Price is RMB34,465,139.28, representing RMB3.96 per Second Subscription Share, which shall be paid in cash within seven (7) days after the fulfillment of the conditions as set out under the section headed “Conditions Precedent” below and the publication of an announcement regarding the Second Subscription by Shanghai KYMS.

The Second Subscription Price shall be financed by internal resources of the Group.

## **Basis of determining the Second Subscription Price**

The Second Subscription Price represents:

- (i) a premium of approximately 36.6% over the market value of the 14.35% equity interest in Shanghai KYMS of RMB25.2 million, as calculated based on Shanghai KYMS's market capitalisation of RMB175.8 million as at the date of the Second Subscription Agreement; and
- (ii) a price-to-earnings ratio of 16.2, as calculated based on the Second Subscription Price over the audited net profit after taxation of Shanghai KYMS of approximately RMB14.83 million according to the audited financial statements of Shanghai KYMS for the year ended 31 December 2020.

The Second Subscription Price per Second Subscription Share, being RMB3.96, also represents a premium of approximately 150.63% to the net asset value of RMB1.58 per Shanghai KYMS share as at 30 June 2021, which is calculated based on the net asset value of Shanghai KYMS as at 30 June 2021 of RMB76,033,904.90 and the 48,036,583 Shanghai KYMS shares then in issue as at 30 June 2021, as reported in the Shanghai KYMS 2021 Interim Report.

As at 31 December 2020, the net asset value of Shanghai KYMS was RMB117,756,203.22. The net asset value of Shanghai KYMS as at 30 June 2021 decreased to RMB76,033,904.90 as compared to the net asset value of Shanghai KYMS as at 31 December 2020, which was mainly attributable to the adjustments made to the net asset value of Shanghai KYMS as at 1 January 2021 regarding the undistributed profits over previous years for all leases (other than short-term leases and leases of low-value assets) projects retrospectively to the date of lease inception as a result of the adoption of the *Accounting Standards for Business Enterprises No. 21 – Leases* amended by the Ministry of Finance in 2018, with effect from 1 January 2021. As a result of the aforementioned adoption of the accounting standards, a downward adjustment of RMB53.30 million had been made to the net asset value of Shanghai KYMS as at 1 January 2021. The Board is of the view that the changes in such accounting standards will only have an impact on the financial statements of Shanghai KYMS, but have no impact on the cash flows or operation of Shanghai KYMS.

The Second Subscription Price was determined between the Subscriber and Shanghai KYMS after arm's length negotiations and taking into account various factors including but limited to: (i) the overall economic environment; (ii) the prospect and the growth potential of Shanghai KYMS and the industry outlook; (iii) financial conditions of Shanghai KYMS such as its net asset value per share, price-to-earnings ratio and price-to-book ratio; and (iv) the subscription price per First Subscription Share.

The Board believes that the Second Subscription Price, which represents a subscription price of RMB3.96 per Second Subscription Share and is the same as the subscription price per First Subscription Share, is fair and reasonable to the Company after having considered the following:

- (1) Not more than three months have elapsed since the completion of the First Subscription which took place in early July 2021. As the overall economic environment, prospect and the growth potential of Shanghai KYMS and the industry outlook and financial conditions of Shanghai KYMS have not significantly changed since then, the Board is of the view that the bases upon which the First Subscription Price were determined (as disclosed in the Announcements) are still applicable in determining the Second Subscription Price and they are repeated and discussed below.
- (2) Shanghai KYMS conducted a placing of issuing 3,475,610 new shares in 2020 at a subscription price of RMB3.87 (ex-right). Whilst the subscription price per Second Subscription Share of RMB3.96 represents a slight increase of approximately 2% as compared with that of the placing conducted by Shanghai KYMS in 2020, the Board considers that the Second Subscription Price is fair and reasonable due to the reasons described in items (3) to (5) below.
- (3) The financial performance of Shanghai KYMS has been strong in the past few years. In particular, there was a strong growth in net profit after taxation of Shanghai KYMS for the year ended 31 December 2020, representing an increase of 728.49%, as compared with the previous year. With the geographic position of Shanghai KYMS's projects mainly located in Shanghai, Beijing and other convenient downtown areas with a few in the sub-central core areas, Shanghai KYMS has experienced strong growth in revenue as well as in its net asset value in the past years. Shanghai KYMS's revenue increased from RMB27 million for the year ended 31 December 2015 to RMB124.35 million for the year ended 31 December 2020, representing a 3.6 times increase, and its net assets increased by more than 10 times from RMB10.56 million as at 31 December 2015 to RMB117.76 million as at 31 December 2020. Its gross profit margin was 24.48% with the average monthly occupancy rate of at least 90% for the year ended 31 December 2020. For the two years ended 31 December 2020, Shanghai KYMS generated net cash inflow from operating activities totaling more than RMB123 million. The Board noted that Shanghai KYMS's monthly occupancy rate had gradually returned to the pre-coronavirus ("COVID-19") pandemic level during the second half of 2020. Based

on the leasing information provided by Shanghai KYMS during the due diligence process for the First Subscription and the Second Subscription, the Board expects Shanghai KYMS will have further growth in revenue and net profit in 2021.

- (4) The prospect and the growth potential of Shanghai KYMS and the industry outlook which are further elaborated as below.

Shanghai KYMS focuses on the provision of high-quality business centres in urban core areas, with a full range of services at competitive prices and targets small and micro enterprises with huge market and robust demand. According to the research report “Investigation and analysis of tenant behavior and cognition in co-working industry in China from 2019 to 2020” issued in February 2020 by iiMedia Research Group, the primary considerations for co-working office tenants in selecting brands in 2019 in China were location, rent, and convenient transportation, accounting for 40.0%, 36.7%, and 35.4% of the decisive factors, respectively. As Shanghai KYMS’s target customers are small and micro enterprises, most of them are in a period of rapid growth with great vitality, they are pursuing quality service and are sensitive to location and price. Given that the projects of Shanghai KYMS are mainly located in convenient downtown areas, and the prices it offered are competitive, the Board believes that Shanghai KYMS will have future growth prospects by having the competitive advantages in these areas.

Shanghai KYMS builds boutique business centers in the core urban area of the city through site selection, building renovation and product positioning by a professional and experienced team. Shanghai KYMS has a management team with strong professional background, which enables it to select quality properties as part of its properties portfolio for leasing out. Based on the information available to the Board, Shanghai KYMS management team has five members, four of them have more than 20 years of experience in real estate, office leasing, marketing commercial buildings or architectural design; one of them has more than 11 years of experience in securities and investment industry involving merger and reorganization.

Moreover, Shanghai KYMS focuses on refined management and adopts a business model, which is renting the entire building from state-owned enterprises and sub-leasing the property to individual small and micro enterprises. This business model would enable Shanghai KYMS to secure a stable supplies of the serviced offices, reduce costs and increase profitability. The Directors believe that the business model of Shanghai KYMS has strong core competitiveness and can adapt to the fierce market competition.

According to Huaon.com (華經情報網), the co-working office market has maintained a steady growth in China. Although it has been hit by the COVID-19 pandemic, the market size is still expected to continue to expand, reaching RMB227.35 billion in 2022. As the social recognition of the co-working office industry continually increases, new demands for corporate office services will be further released, and the potential customer base of the co-working offices industry will also be further expanded. With the improvement in the quality of products and services, market acceptance tends to rise and the industry market scale is expected to continue to grow in the future.

- (5) The price-to-earnings of 16.2 (based on the Second Subscription Price over the net profit after taxation of Shanghai KYMS for the year ended 31 December 2020) is lower than other listed companies within the same industry. The Board notes that the price-to-earnings ratios for Shanghai Golden Union Commercial Management Company Ltd. (stock code: 603682) and Shanghai DOBE Cultural and Creative Industry Development (Group) Co., Ltd. (stock code: 300947), both listed on the Shanghai Stock Exchange, based on their stock price as at the date preceding the date of the Second Subscription Agreement over their net profit after taxation for the year ended 31 December 2020, are 20.31 and 23.65 respectively. The serviced offices leasing industry is currently at an early stage of development and highly fragmented. Among the competitors of Shanghai KYMS, only Shanghai Golden Union Commercial Management Company Ltd. and Shanghai DOBE Cultural and Creative Industry Development (Group) Co., Ltd. are listed companies where public information is available for comparison analysis. Although the aforementioned competitors have different listing venues and are of different scale of operations from Shanghai KYMS, the Board considers that these companies could still serve as a general reference of the value of a company engaging in similar business.

Shanghai KYMS, being a company with shares listed on the NEEQ, could only have its shares traded by way of a private agreement or through closing auction trading session, so with the size of the Second Subscription Shares, the only way for the Group to acquire such shares is to go through a subscription of new shares with Shanghai KYMS. The Second Subscription Price is/will not be displayed or recorded on the trading system of the NEEQ, but only disclosed in the announcement being published by Shanghai KYMS regarding the Second Subscription.

## **Conditions precedent**

Completion is conditional upon the fulfillment of each of the following conditions:

- (i) the consents and approvals required to be obtained from the board of directors and shareholders on the part of Shanghai KYMS in respect of the Second Subscription Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Second Subscription Shares) having been obtained and remain in full force and effect;
- (ii) the no comment letter in respect of the Second Subscription Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Second Subscription Shares) having been obtained from the National Equities Exchange and Quotations Corporation Limited and not being revoked;
- (iii) a candidate having been nominated by the Subscriber as director of Shanghai KYMS;
- (iv) the relevant requirements under the articles of association of the Subscriber and the GEM Listing Rules and all applicable laws and regulations in relation to the Second Subscription Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Second Subscription Shares) having been complied with by the Group; and
- (v) the Second Subscription Agreement having been duly executed by the parties thereto and the Shareholders' approval for the Second Subscription Agreement having been obtained at the EGM.

## **Completion**

Completion shall take place on the date of the registration of the Second Subscription Shares with China Securities Depository and Clearing Corporation Limited, Beijing Branch.

As at the date of this announcement, the Group, through the Subscriber, already owns 7.55% of the issued share capital of Shanghai KYMS. Upon Completion, the Group will own 20.81% of the issued share capital of Shanghai KYMS, and Shanghai KYMS will be accounted for as an associate (as defined under relevant accounting standards) of the Group.

## **INFORMATION OF THE GROUP AND THE SUBSCRIBER**

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.

The Subscriber is a wholly-owned subsidiary of the Company and is an investment holding company.

## **INFORMATION OF SHANGHAI KYMS**

Shanghai KYMS is a limited liability company established on 25 February 2005 in the PRC and is principally engaged in leasing of serviced offices and provision of supporting value-added services. The shares of Shanghai KYMS have been listed on the NEEQ since 8 December 2014 (stock code: 831423).

As at the date of this announcement, Shanghai KYMS is owned as to 7.55% by the Subscriber. Based on the public information available to the Board, Shanghai KYMS is also owned as to 17.49%, 13.51% and 11.03% by Wang Jian Feng (王建峰), Wang Fu Han (王輔晗) and Shi Yan (施豔), respectively. They are concert parties pursuant to a shareholders' agreement entered into amongst themselves to regulate their decision making in dealing with Shanghai KYMS's affairs and their shareholders' rights in respect of their equity interests in Shanghai KYMS.

The summary of the audited financial information of Shanghai KYMS for the two years ended 31 December 2019 and 2020 and the unaudited financial information of Shanghai KYMS for the six months ended 30 June 2021 are set out below:

	<b>For the year ended 31 December 2019</b> <i>RMB million</i> (audited)	<b>For the year ended 31 December 2020</b> <i>RMB million</i> (audited)	<b>For the six months ended 30 June 2021</b> <i>RMB million</i> (unaudited)
Net profits before taxation	2.21	19.41	10.99
Net profits after taxation	1.79	14.83	10.34

Based on the audited financial information, the net asset value of Shanghai KYMS was RMB117,756,203.22 as at 31 December 2020. Based on the Shanghai KYMS 2021 Interim Report, the unaudited net asset value of Shanghai KYMS was RMB76,033,904.90 as at 30 June 2021.

## **REASONS FOR AND BENEFITS OF THE SECOND SUBSCRIPTION**

As disclosed in the Announcements, the Directors believe serviced offices leasing business will likely become a trend in China in the near future, the subscriptions for equity interests in Shanghai KYMS will provide an opportunity for the Group to participate in the serviced offices leasing industry and enable the Group to explore potential business cooperation opportunities on the basis of the main business of the Group to achieve sustainable development. As one of the Company's principal activities is factoring business, of which 22.22% of the revenues from this segment were contributed by property leasing industry. As a shareholder of Shanghai KYMS, the Company has an opportunity to participate in industry exchange conference, has access to periodic industry reports, has a right to nominate directors to the board of directors of Shanghai KYMS and if such director candidate is elected, participate in significant management decision-making of Shanghai KYMS in accordance with the articles of association of Shanghai KYMS, so to get a better understanding of the property leasing industry for further development of its factoring business. As such, the Board believes that the Second Subscription would allow the Company to have an in-depth and more enhanced understanding of the property leasing industry in the context of its factoring business segment, grasp the industry dynamics and integrate channel resources, so that it can fully access the customer resources in this industry in the future.

As disclosed in the Announcements, Shanghai KYMS recorded a net profit after taxation for the year ended 31 December 2020 of approximately RMB14.83 million, representing an increase of approximately 728.49% from approximately RMB1.79 million for the same period of year 2019, and thus the Directors considered that Shanghai KYMS has potential for further growth.

During the due diligence process for the Second Subscription, the Directors noted from the Shanghai KYMS 2021 Interim Report that Shanghai KYMS recorded a net profit after taxation for the six months ended 30 June 2021 of approximately RMB10.34 million, representing a decrease of approximately 31.52% from RMB15.10 million of the same period of last year, which was mainly due to (i) the charging of finance expenses of RMB11.79 million in relation to the lease liability adjustment to the net asset value of Shanghai KYMS as at 1 January 2021 as a result of the adoption of the Accounting Standards for Business Enterprises No. 21 – Leases amended by the Ministry of Finance in 2018, with effect from 1 January 2021 was included in the finance expense for the six months ended 30 June 2021; and (ii) an increase in the operating costs, as the COVID-19 related rent concessions obtained by Shanghai KYMS in the first half of 2020 were no longer available during the first half of 2021. The Board is of the view that the changes in such accounting standards and the impact of the rent concession as a result of COVID-19 will only have a temporary impact on the financial statements of Shanghai KYMS, and excluding the aforementioned effects, the development of Shanghai KYMS is still on an upward trend.

The Board was particularly impressed with the performance of the two newly opened business centres of Shanghai KYMS. Both projects have reached a stable operation phase despite commencing business only in 2020 and 2021 respectively and provide a new source of stable profits for Shanghai KYMS. Details of the two centres are as follows:

- (i) On 1 October 2020, Shanghai KYMS commenced business of its KYMS Technology Centre\* (KYMS科技中心) which occupies an area of 12,727.23 sq.m. at No.525 North Xizang Road, Shanghai, the PRC. The business centre reached full occupancy in March 2021, and is expected to generate an income of RMB30 million and a net profit of RMB7 million for the year ending 31 December 2021.
- (ii) In March 2021, Shanghai KYMS commenced business of its KYMS Lujiazui Office Centre\* (KYMS陸家嘴辦公中心) which occupies an area of 7,462.77 sq.m. at No.101 Eshan Road, Shanghai, the PRC. As at the date of this announcement, the occupancy rate of the business centre exceeds 95%. It is expected that KYMS Lujiazui Office Centre will generate an income of RMB15 million and a net profit of RMB3 million for the year ending 31 December 2021.

The Board also took into consideration that Shanghai KYMS had been actively expanding and developing new projects. Details of the two new projects of Shanghai KYMS are as follows:

- (i) The first project concerns Shanghai KYMS renovating an office building with a total area of approximately 12,000 sq.m. on Henan Middle Road, Shanghai, the PRC. Shanghai KYMS has already conducted preliminary inspections and negotiations and signed a letter of intent to lease the building. It is expected that the formal agreement in respect of this project will be entered into in December 2021 and construction will begin in early 2022. On the assumption that the building will achieve an occupancy rate of 98%, the project is expected to generate a net cash inflow of RMB15 million per year for Shanghai KYMS.
- (ii) The second project involves a property located on Dongfang Road in Pudong, Shanghai, the PRC with a total area of approximately 15,000 sq.m.. Shanghai KYMS has also completed preliminary inspection and entered the stage of substantive negotiation in respect of this project. It is expected that the formal agreement in respect of this project will be entered into by the end of 2021 and construction will begin in early 2022. On the assumption that the building will achieve an occupancy rate of 98%, the project is expected to generate, the project is estimated to generate a net cash inflow of approximately RMB20 million per year for Shanghai KYMS.

The most recent financial and operational information of Shanghai KYMS is promising and strengthens the Directors' belief that Shanghai KYMS is in a growth trend and has potential for further growth.

In addition, the Second Subscription provides additional working capital for Shanghai KYMS to develop its serviced offices leasing business, and the Group would benefit from the future growth and development of Shanghai KYMS.

Having considered the historical financial performance of Shanghai KYMS, the current leasing information provided by Shanghai KYMS during the due diligence process for both the First Subscription and Second Subscription and the information regarding Shanghai KYMS and the industry outlook, the Board expects that the growth trend of Shanghai KYMS will continue in the coming years. As such, the Second Subscription presents a further investment opportunity to the Company, which offers the potential for greater profit in future.

On 2 September 2021, the CSRC announced that a new BSE would be established to provide better services to innovative small and medium-sized enterprises for their high-quality development. It was also announced that the CSRC would further promote the reform of NEEQ and establish the BSE based on the existing select tier of the NEEQ, so as to further enhance the ability to serve small and medium-sized enterprises and formulate a major platform that services innovative small and medium-sized enterprises.

The Directors believe that, the establishment of the BSE will (i) open up channels for direct financing for small and medium-sized enterprises; (ii) stimulate the overall trading on NEEQ; and (iii) be beneficial to Shanghai KYMS, being a company with shares listed on the base tier of the NEEQ. The manner of setting up the Beijing Stock Exchange is quite clear. Enterprises listed on the select tier of the NEEQ are qualified to be directly listed on the BSE, while enterprises listed on the innovative tier of the NEEQ also have the opportunity to be listed on the BSE by completing certain registration procedures. The establishment of the BSE also provides a path for base tier companies to be listed on the BSE by transferring from the base tier to the innovative tier of the NEEQ and then ultimately to the BSE. Therefore, the Directors consider that there is an opportunity for Shanghai KYMS to be listed on the BSE in the future.

Based on the above, the Directors are of the view that the terms and conditions of the Second Subscription Agreement are fair and reasonable and on normal commercial terms, and the Second Subscription is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Second Subscription, on a standalone basis or in aggregate with the First Subscription, is more than 25% but all of the applicable ratios are less than 100%, the entering into of the Second Subscription Agreement constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

## **GENERAL**

The Company will convene an EGM to consider, and if thought fit, approve the Second Subscription Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Second Subscription Shares).

Pursuant to Rule 20.66(11) of the GEM Listing Rules, a circular containing, among other things, further details of the Second Subscription Agreement and a notice convening the EGM, shall be despatched to the Shareholders within 15 business days after the publication of this announcement. As more time is required to finalise certain information to be included in the circular including but not limited to the statement of indebtedness, management discussion and analysis of Shanghai KYMS, unaudited pro forma financial information of the enlarged group and working capital sufficiency statement, it is expected that the circular will be despatched to the Shareholders on or before 2 December 2021.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of the conditions precedent under the Second Subscription Agreement. The Second Subscription may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the H Shares and other securities of the Company.**

## **DEFINITIONS**

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Announcements”	the announcement of the Company dated 10 May 2021 and the supplemental announcement of the Company dated 31 May 2021 both in relation to the First Subscription;
“Board”	the board of Directors;
“BSE”	the Beijing Stock Exchange;
“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;

“Completion”	completion of the Second Subscription in accordance with the terms and conditions of the Second Subscription Agreement;
“CSRC”	China Securities Regulatory Commission;
“Directors”	the directors of the Company;
“EGM”	an extraordinary general meeting to be convened to consider, and if thought fit, to approve the Second Subscription Agreement and the transactions contemplated thereunder;
“First Subscription”	the subscription of the First Subscription Shares by the Subscriber pursuant to the terms of the First Subscription Agreement;
“First Subscription Agreement”	the subscription agreement dated 10 May 2021, entered into between the Subscriber and Shanghai KYMS in relation to the First Subscription;
“First Subscription Price”	RMB15,534,858.24, representing a subscription price of RMB3.96 per First Subscription Share;
“First Subscription Shares”	3,922,944 new shares of Shanghai KYMS allotted and issued to the Subscriber pursuant to the First Subscription Agreement, and the expression “First Subscription Share” shall be construed accordingly;
“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;
“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;
“NEEQ”	National Equities Exchange and Quotations (全國中小企業股份轉讓系統);
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Subscription”	the subscription of the Second Subscription Shares by the Subscriber pursuant to the terms of the Second Subscription Agreement;
“Second Subscription Agreement”	the subscription agreement dated 30 September 2021, entered into between the Subscriber and Shanghai KYMS in relation to the Second Subscription;
“Second Subscription Price”	RMB34,465,139.28, representing a subscription price of RMB3.96 per Second Subscription Share;
“Second Subscription Shares”	8,703,318 new shares of Shanghai KYMS to be allotted and issued to the Subscriber pursuant to the Second Subscription Agreement, and the expression “Second Subscription Share” shall be construed accordingly;

“Shanghai KYMS”	Shanghai KYMS Cloud Technology Co., Ltd. (上海快易名商雲科技股份有限公司), the shares of which are listed on the NEEQ (stock code: 831423);
“Shanghai KYMS 2021 Interim Report”	the unaudited financial statements of Shanghai KYMS for the six months ended 30 June 2021;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“sq.m.”	square metre(s);
“Subscriber”	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 is a wholly-owned subsidiary of the Company;
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules; and
“%”	per cent.

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

Hong Kong, 30 September 2021

*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. Zhuang Wei (莊巍)  
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 GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at [www.fyleasing.com](http://www.fyleasing.com).*

\*      *For identification purposes only.*