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**Byleasing Holdings Limited**

**百應租賃控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8525)**

**UNAUDITED FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG  
LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “**Director(s)**”) of Byleasing Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “**Group**”, “**we**” or “**our**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited first quarterly results of our Group for the three months ended 31 March 2020 (the “**Reporting Period**”), together with the comparative unaudited figures for the corresponding period in 2019. All amounts set out in this announcement are expressed in Renminbi (“**RMB**”).

## FINANCIAL STATEMENTS

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the three months ended 31 March 2020 (Expressed in RMB)*

|                                      |             | <b>Three months ended<br/>31 March</b> |                                     |
|--------------------------------------|-------------|----------------------------------------|-------------------------------------|
|                                      | <i>Note</i> | <b>2020<br/>RMB<br/>(Unaudited)</b>    | <b>2019<br/>RMB<br/>(Unaudited)</b> |
| Interest income                      |             | <b>8,790,314</b>                       | 13,949,641                          |
| Advisory fee income                  |             | <b>619,811</b>                         | 1,050,944                           |
| <b>Revenue</b>                       | <b>3</b>    | <b>9,410,125</b>                       | 15,000,585                          |
| Other net (loss)/income              |             | <b>(661,569)</b>                       | 726,953                             |
| Interest expense                     |             | <b>(2,308,147)</b>                     | (4,096,072)                         |
| Operating expense                    |             | <b>(2,383,582)</b>                     | (2,693,534)                         |
| Impairment losses charged            |             | <b>(10,777,794)</b>                    | (3,531,607)                         |
| <b>(Loss)/profit before taxation</b> | <b>4</b>    | <b>(6,720,967)</b>                     | 5,406,325                           |
| Income tax credit/(expense)          | <b>5</b>    | <b>1,584,982</b>                       | (1,523,401)                         |
| <b>(Loss)/profit for the period</b>  |             | <b>(5,135,985)</b>                     | 3,882,924                           |
| <b>Attributable to:</b>              |             |                                        |                                     |
| Equity shareholders of the Company   |             | <b>(5,135,985)</b>                     | 3,882,924                           |
| <b>(Loss)/profit for the period</b>  |             | <b>(5,135,985)</b>                     | 3,882,924                           |
| <b>(Loss)/earnings per share</b>     |             |                                        |                                     |
| Basic and diluted (RMB cents)        | <b>6</b>    | <b>(1.9)</b>                           | 1.4                                 |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*For the three months ended 31 March 2020 (Expressed in RMB)*

|                                                                                                            | <b>Three months ended</b> |                         |
|------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------|
|                                                                                                            | <b>31 March</b>           |                         |
|                                                                                                            | <b>2020</b>               | <b>2019</b>             |
|                                                                                                            | <b>RMB</b>                | <b>RMB</b>              |
|                                                                                                            | <b>(Unaudited)</b>        | <b>(Unaudited)</b>      |
| <b>(Loss)/profit for the period</b>                                                                        | <b>(5,135,985)</b>        | <b>3,882,924</b>        |
| <b>Other comprehensive income for the period (after tax):</b>                                              |                           |                         |
| Item that may be classified subsequently to profit or loss:                                                |                           |                         |
| Exchange differences on translation of<br>financial statements of operations outside<br>the mainland China | <u><b>(89,568)</b></u>    | <u><b>(36,436)</b></u>  |
| <b>Total comprehensive income for the period</b>                                                           | <u><b>(5,225,553)</b></u> | <u><b>3,846,488</b></u> |
| <b>Attributable to:</b>                                                                                    |                           |                         |
| Equity shareholders of the Company                                                                         | <u><b>(5,225,553)</b></u> | <u><b>3,846,488</b></u> |
| <b>Total comprehensive income for the period</b>                                                           | <u><b>(5,225,553)</b></u> | <u><b>3,846,488</b></u> |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

*(Expressed in RMB unless otherwise indicated)*

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, Cap.22 (Law 3 of 1961, as combined and revised) of the Cayman Islands as an exempted company with limited liability on 5 June 2017.

To rationalise the corporate structure in preparation of the listing of the Company's shares (the "**Share(s)**") on GEM of the Stock Exchange, the Company and its subsidiaries underwent a reorganisation (the "**Reorganisation**"). Upon completion of the Reorganisation on 16 November 2017, the Company became the Group's holding company.

The Company's issued shares have been listed on GEM of the Stock Exchange since 18 July 2018.

## 2 BASIS OF PREPARATION

This unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the GEM Listings Rules.

The unaudited condensed consolidated financial statements for the three months ended 31 March 2020 have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the consolidated financial statements of the Group for the year ended 31 December 2019 except for the adoption of the standards and amendments issued by the Hong Kong Institute of Certified Public Accountants mandatory for the annual periods beginning on 1 January 2020. The effect of the adoption of these standards and amendments is not material on these unaudited condensed consolidated financial statements.

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements is the historical cost basis.

The preparation of unaudited condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

### 3 REVENUE

The principal activities of the Group are providing equipment-based financing solutions, factoring services, and value-added advisory services to customers in the People's Republic of China (the "PRC").

No segment information is presented as the Group is principally engaged in a single line of business. Revenue represents interest income and advisory fee net of value-added taxes ("VAT") and other charges.

The amount of each significant category of revenue is as follows:

|                                                                         | <b>Three months ended<br/>31 March</b> |                    |
|-------------------------------------------------------------------------|----------------------------------------|--------------------|
|                                                                         | <b>2020</b>                            | <b>2019</b>        |
|                                                                         | <b>RMB</b>                             | <b>RMB</b>         |
|                                                                         | <b>(Unaudited)</b>                     | <b>(Unaudited)</b> |
| <b>Interest income arising from</b>                                     |                                        |                    |
| Finance leases receivables                                              | <b>4,134,383</b>                       | 13,724,803         |
| Receivables from sale-leaseback transaction under loans and receivables | <b>4,380,348</b>                       | 224,838            |
| Factoring receivables                                                   | <b>275,583</b>                         | —                  |
|                                                                         | <b>8,790,314</b>                       | 13,949,641         |
| <b>Advisory fee income</b>                                              | <b>619,811</b>                         | 1,050,944          |
|                                                                         | <b>9,410,125</b>                       | 15,000,585         |

### 4 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

|                                                       | <b>Three months ended<br/>31 March</b> |                    |
|-------------------------------------------------------|----------------------------------------|--------------------|
|                                                       | <b>2020</b>                            | <b>2019</b>        |
|                                                       | <b>RMB</b>                             | <b>RMB</b>         |
|                                                       | <b>(Unaudited)</b>                     | <b>(Unaudited)</b> |
| <b>(a) Staff cost</b>                                 |                                        |                    |
| Contributions to defined contribution retirement plan | <b>25,746</b>                          | 84,079             |
| Salaries, wages and other benefits                    | <b>1,181,326</b>                       | 1,340,343          |
| Subtotal                                              | <b>1,207,072</b>                       | 1,424,422          |
| <b>(b) Other items</b>                                |                                        |                    |
| Depreciation charge                                   |                                        |                    |
| – owned property and equipment                        | <b>46,169</b>                          | 35,242             |
| – right-of-use assets                                 | <b>220,114</b>                         | 220,114            |
| Amortisation cost of intangible assets                | <b>22,595</b>                          | 11,986             |
| Legal expenses                                        | <b>183,291</b>                         | 182,649            |
| <b>(c) Impairment losses charged</b>                  |                                        |                    |
| Finance lease receivables                             | <b>2,802,845</b>                       | 2,791,805          |
| Trade and other receivables                           | <b>1,793,601</b>                       | 24,534             |
| Loans and receivables                                 | <b>6,181,348</b>                       | 715,268            |
|                                                       | <b>10,777,794</b>                      | 3,531,607          |

## 5 INCOME TAX (CREDIT)/EXPENSE

|                                                              | Three months ended<br>31 March |                  |
|--------------------------------------------------------------|--------------------------------|------------------|
|                                                              | 2020                           | 2019             |
|                                                              | RMB                            | RMB              |
|                                                              | (Unaudited)                    | (Unaudited)      |
| <b>Current tax</b>                                           |                                |                  |
| – PRC Enterprise Income Tax (“EIT”) Provision for the period | 1,097,145                      | 1,991,187        |
| <b>Deferred income tax</b>                                   |                                |                  |
| – Origination of temporary differences                       | (2,682,127)                    | (467,786)        |
|                                                              | <u>(1,584,982)</u>             | <u>1,523,401</u> |

*Notes:*

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI, respectively.
- (ii) No provision for Hong Kong Profits Tax has been made for the Company and Byleasing Capital Limited (“Byleasing Capital”) as the Company and Byleasing Capital had not derived any income subject to Hong Kong Profits Tax during the period.

## 6 (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the three months ended 31 March 2020 of RMB5,135,985 (profit for three months ended 31 March 2019: RMB3,882,924) and the weighted average of 270,000,000 ordinary shares in issue (three months ended 31 March 2019: 270,000,000 shares in issue) during the three months ended 31 March 2020.

### (b) Diluted (loss)/earnings per share

There were no potential dilutive ordinary shares outstanding during the three months ended 31 March 2020 and 2019, and hence the diluted (loss)/earnings per share are the same as basic (loss)/earnings per share.

## 7 DIVIDENDS

No dividends had been paid to the equity shareholders of companies now comprising the Group during the three months ended 31 March 2020 (three months ended 31 March 2019: nil).

# 8      **UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the three months ended 31 March 2020**

|                                                                           | Attributable to equity shareholders of the Company |                         |                           |                           |                            |                                                         |                        |
|---------------------------------------------------------------------------|----------------------------------------------------|-------------------------|---------------------------|---------------------------|----------------------------|---------------------------------------------------------|------------------------|
|                                                                           | Share<br>capital<br>RMB                            | Share<br>premium<br>RMB | Capital<br>reserve<br>RMB | Surplus<br>reserve<br>RMB | Exchange<br>reserve<br>RMB | Retained<br>earnings/<br>(accumulated<br>losses)<br>RMB | Total<br>equity<br>RMB |
| <b>Balance at 1 January 2019</b>                                          | 2,301,857                                          | 238,097,760             | (6,640,176)               | 6,474,393                 | 1,660,662                  | 28,410,507                                              | 270,305,003            |
| <b>Changes in equity for the<br/>three months ended<br/>31 March 2019</b> |                                                    |                         |                           |                           |                            |                                                         |                        |
| Profit for the period                                                     | –                                                  | –                       | –                         | –                         | –                          | 3,882,924                                               | 3,882,924              |
| Other comprehensive income                                                | –                                                  | –                       | –                         | –                         | (36,436)                   | –                                                       | (36,436)               |
| Total comprehensive income                                                | –                                                  | –                       | –                         | –                         | (36,436)                   | 3,882,924                                               | 3,846,488              |
| <b>Balance at 31 March 2019</b>                                           | 2,301,857                                          | 238,097,760             | (6,640,176)               | 6,474,393                 | 1,624,226                  | 32,293,431                                              | 274,151,491            |
| <b>Balance at 1 January 2020</b>                                          | 2,301,857                                          | 238,097,760             | (6,640,176)               | 8,530,358                 | 1,445,388                  | 40,523,672                                              | 284,258,859            |
| <b>Changes in equity for the<br/>three months ended<br/>31 March 2020</b> |                                                    |                         |                           |                           |                            |                                                         |                        |
| Loss for the period                                                       | –                                                  | –                       | –                         | –                         | –                          | (5,135,985)                                             | (5,135,985)            |
| Other comprehensive income                                                | –                                                  | –                       | –                         | –                         | (89,568)                   | –                                                       | (89,568)               |
| Total comprehensive income                                                | –                                                  | –                       | –                         | –                         | (89,568)                   | (5,135,985)                                             | (5,225,553)            |
| <b>Balance at 31 March 2020</b>                                           | <u>2,301,857</u>                                   | <u>238,097,760</u>      | <u>(6,640,176)</u>        | <u>8,530,358</u>          | <u>1,355,820</u>           | <u>35,387,687</u>                                       | <u>279,033,306</u>     |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview

We are a finance leasing company in Fujian province dedicated to providing equipment-based financing solutions to our customers. We provide customized services to meet specific needs and requirements of our customers by closely interacting with them to determine the appropriate interest rates, repayment plans and terms of our services based on their businesses, cash flows and source of payment. Our customers are mainly small and medium-sized enterprises, entrepreneurial individuals, and also reputable large enterprises.

Our revenue decreased from RMB15.0 million for the three months ended 31 March 2019 to RMB9.4 million for the three months ended 31 March 2020. Our profit decreased from RMB3.9 million for the three months ended 31 March 2019 to a loss of RMB5.1 million for the three months ended 31 March 2020.

#### *Finance Leasing Services*

We primarily offered two types of finance leasing services, namely, direct finance leasing and sale-leaseback, to our customers. Revenue from finance leasing services was RMB8.5 million, accounting for 90.5% of our total revenue for the three months ended 31 March 2020.

#### *Factoring Services*

For the three months ended 31 March 2020, the revenue from factoring services was RMB0.3 million, accounting for 2.9% of our total revenue.

Since Shanghai Byleasing Commercial Factoring Co., Ltd.\* (上海百應商業保理有限責任公司), one of our indirectly wholly-owned subsidiaries, was established in Shanghai in 2019, we are capable to develop our factoring services in Yangtze River Delta Region.

#### *Advisory Services*

We also provide advisory services with regard to project coordination, contract drafting and negotiation, project management, project financing and its compliance with relevant regulatory requirements. Our revenue from advisory services was RMB0.6 million, accounting for 6.6% of our total revenue for the three months ended 31 March 2020. Such revenue came from one advisory service agreement, which we entered into with one of our customers, involving a construction project, with a total investment of approximately RMB1,142 million. We charged 1% of the project progress payment which our customer received for our advisory services.



## Financial Overview

### *Results of Operations*

#### Revenue

Our revenue decreased from RMB15.0 million for the three months ended 31 March 2019 to RMB9.4 million for the three months ended 31 March 2020 mainly due to (i) the decrease in finance leasing business; and (ii) the decrease in advisory fee income as a result of the collection of the most advisory fee from an advisory service agreement in the past years.

#### Other Net (Loss)/Income

Our other net income decreased from RMB0.7 million for the three months ended 31 March 2019 to a loss of RMB0.7 million for the three months ended 31 March 2020 primarily due to the decrease in the fair value of the listed securities of RMB1.1 million, partially offset by the investment income from wealth management products of RMB0.3 million.

#### Interest Expense

Our interest expenses decreased from RMB4.1 million for the three months ended 31 March 2019 to RMB2.3 million for the three months ended 31 March 2020 mainly due to the decrease in the average monthly loan balance.

#### Operating Expenses

Our operating expenses decreased from RMB2.7 million for the three months ended 31 March 2019 to RMB2.4 million for the three months ended 31 March 2020 mainly due to the decrease in the staff cost of RMB0.2 million.

#### Impairment Losses Charged

Our impairment losses charged increased from RMB3.5 million for the three months ended 31 March 2019 to RMB10.8 million for the three months ended 31 March 2020, which was primarily due to the increase in impairment losses of receivables from sale-leaseback transactions from a client with overdue more than 90 days of RMB6.2 million.

#### Income Tax Credit/(Expense)

Due to the impact of deferred income tax arising from the impairment losses, our Group recorded income tax credit of RMB1.6 million for the three months ended 31 March 2020 (for the three months ended 31 March 2019: income tax expense of RMB1.5 million).

#### (Loss)/Profit for the Period

Our Group recorded a loss of RMB5.1 million for the three month ended 31 March 2020 (for the three months ended 31 March 2019: profit of RMB3.9 million). This was mainly due to (i) a decrease in our revenue; and (ii) an increase in impairment losses.

## PROSPECTS

Looking forward, China's economy will maintain a sound momentum in the long run amid emerging risks despite the "new normality" of economic growth from rapid to medium-to-low growth and operating pressures on enterprises, especially small and medium enterprises from the effort of eliminating excess capacity and deleveraging. The Company will continue to execute its principles of stable operation and risk prioritization and persist in its effort based on the established plan and objective. The market demand for high-quality manufacturing will lead to a greater number of lease demands. With the rise of new consumption, the Company will facilitate its business expansion and keep strengthening its business advantages in finance leasing business by fully utilizing our effective mechanism and sophisticated team. It will also expand its commercial factoring business to optimize the business structure and asset portfolio through a commercial factoring company established in China (Shanghai) Pilot Free Trade Zone. The Company will further broaden the financing channel and provide financing support for business development so as to promote the expansion and development of the Company. Since there is an obvious economic impact from the new coronavirus disease 2019 (COVID-19) in the short term, the Company has further strengthened its risk control while supporting its customers in overcoming difficulties. The Company strives to develop new businesses in the industries supported and promoted by the government and enhance its cooperation with existing customers to satisfy their funding needs during the epidemic while accomplishing its own development goals. We are also looking for future expansion into other areas to diversify our business.

## ADVANCE TO AN ENTITY

On 25 November 2019, Xiamen Baiying Leasing Co., Ltd.\* (廈門百應融資租賃有限責任公司) (the "**Purchaser**" or "**Xiamen Byleasing**"), an indirectly wholly-owned subsidiary of the Company, entered into a finance lease agreement (the "**Finance Lease Agreement**") with two PRC companies (the "**Lessees**") in respect of a sale-leaseback transaction (the "**Transaction**"). The Transaction constitutes a very substantial acquisition of the Company which is subject to the shareholders' approval requirement under Chapter 19 of the GEM Listing Rules. In addition, the Transaction involves the provision of financial assistance by the Company under Rule 19.04(1)(e) of the GEM Listing Rules which in aggregate exceeds 8% under the assets ratio (as defined under Chapter 19 of the GEM Listing Rules). Pursuant to Rule 17.15 of the GEM Listing Rules, the advance under the Finance Lease Agreement constitutes an advance to an entity from the Company or its subsidiaries. Since this advance to an entity continued to exist on 31 March 2020, the following information is required to be disclosed in this announcement pursuant to Rule 17.22 of the GEM Listing Rules:

|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Details of the relevant advance to an entity: | Under the Transaction, the Purchaser purchased from the Lessees 1,394 car-park spaces situated in 4 residential properties of Jinjiang, Quanzhou city, Fujian province, the PRC, which were owned by one of the Lessees as of 31 March 2020 (the " <b>Leaseback Assets</b> ") for the consideration of RMB200,000,000 and lease back to the Lessees the Leaseback Assets for a term of 36 months (the " <b>Lease Term</b> ") in return for the aggregate lease payments in the sum of RMB244,625,000 (the " <b>Lease Payments</b> "). Pursuant to the GEM Listing Rules, the Transaction constitutes a provision of financial assistance by the Company and hence an advance to the Lessees in the sum of RMB200,000,000. |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Nature of events or transactions giving rise to the amounts: Please see above for a description of the Transaction which gives rise to the amount advanced to the Lessees.

The Finance Lease Agreement was entered into in the ordinary and usual course of business of the Purchaser and was agreed between the Purchaser and the Lessees on the normal commercial terms. It is expected that the Finance Lease Agreement will enable our Group to earn an aggregate income of approximately RMB44,626,000 (equivalent to approximately HK\$49,794,689).

Identity of the Lessees:

- (1) Jinjiang Xinjiayuan Asset Management Co. Ltd.\* (晉江市新佳園資產管理有限公司) (“**Lessee A**”). Lessee A is a company established in the PRC with limited liability, which is principally engaged in: (i) being entrusted with the management of state-owned assets; (ii) the operation and management of public real estate (including residential buildings, stores and car parks); and (iii) providing services for land development, real estate development and municipal facilities management; and
- (2) Fujian Province Jinjiang City Construction Investment and Development Group Co. Ltd.\* (福建省晉江城市建設投資開發集團有限責任公司) (“**Lessee B**”). Lessee B is a company established in the PRC with limited liability which is principally engaged in: (i) urban infrastructure; (ii) investment, construction and management of municipal transportation roads, regional renovation and policy-oriented housing; (iii) participation in land consolidation and development, real estate development and major projects approved by the government; and (iv) development and management of urban public resources.

Lessee A is the subsidiary of Lessee B. The ultimate beneficial owner of the Lessees is a government authority. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Lessees and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Interest rate: The interest rate for the Transaction under the Finance Lease Agreement is 8.5% per annum.

Repayment terms: The aggregate Lease Payments for the entire Lease Term of 36 months is RMB244,625,000, inclusive of interest of RMB44,625,000.

The Lease Payments shall be payable by the Lessees in 7 regular instalments. The Lessees shall pay the first instalment of the Lease Payments within 15 days from the date on which the Purchaser paid the Consideration to the Lessees and thereafter, the outstanding Lease Payments shall be paid semiannually.

The Purchaser has agreed that the Lessees may repurchase the Leaseback Assets before the date on which the final instalment shall be payable, provided that: (i) there is no default on the part of the Lessees (or has there been any default, such default has been cured and the default payments have been duly made); (ii) the Lessees give the Purchaser a prior written notice of at least 10 business days of the proposed early buyback; and (iii) the Purchaser has given consent to the proposed early buyback by the Lessees.

\* *denotes English translation of the name of a Chinese company or entity, or vice versa, and is provided for identification purpose only*

As of 31 March 2020, the Transaction has not yet been approved by the shareholders, thus no consideration has been paid by Xiamen Byleasing under the Finance Lease Agreement. On 8 May 2020, the Purchaser entered into a termination agreement with the Lessees, pursuant to which the Finance Lease Agreement has been terminated with effect from the date thereof.

For more details about the Finance Lease Agreement and the Transaction, please refer to (i) the announcement of the Company dated 25 November 2019 in relation to the very substantial acquisition in relation to the finance lease arrangement and advance to an entity; (ii) the announcement of the Company dated 16 December 2019 in relation to the delay in dispatch of the circular; (iii) the announcement of the Company dated 17 January 2020, and the announcements dated 14 February 2020, 28 February 2020, 20 March 2020 and 20 April 2020 respectively in relation to the further delay in dispatch of the circular; and (iv) the announcement of the Company dated 8 May 2020 in relation to the termination of the Finance Lease Agreement.

## CORPORATE GOVERNANCE

Our Group recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our shareholders. The Board and the management of the Company have adopted the code provisions (the “**Code Provisions**”) of the Corporate Governance Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules and reviewed its corporate governance policies and their compliance from time to time. During the Reporting Period, the Company has fully complied with the Code Provisions.

## AUDIT COMMITTEE

The Audit Committee consists of two independent non-executive Directors, namely Mr. Tu Liandong (the chairman of the Audit Committee) and Mr. Chen Chaolin, and one non-executive Director, namely Mr. Ke Jinding.

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Company, internal controls and financial report matters, and the Company's policies and practices on corporate governance. This unaudited financial statements for the three months ended 31 March 2020, together with this announcement has been reviewed by the Audit Committee. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

## REQUIRED STANDARD OF DEALINGS FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions of the Company by the Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Code of Conduct**”) as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Code of Conduct for the Reporting Period.

Pursuant to Rule 5.66 of the Code of Conduct, the Directors have also requested all employee of the Company or director or employee of any subsidiary of the Company who, because of his office or employment in the Company or any subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Code of Conduct as if he were a Director.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## SHARE OPTION SCHEME

The share option scheme was adopted by the Company and approved by the shareholders of the Company on 20 June 2018 (the “**Share Option Scheme**”) for the primary purposes of enabling the Company to attract, retain and motivate talented participants and, to strive for future developments and expansion of our Group. Eligible participants of the Share Option Scheme include any employees, any executives, non-executive Directors (including independent non-executive Directors), consultants, and advisors of our Group. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 20 June 2018 and will expire on 20 June 2028.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other scheme(s) of the Company in aggregate shall not exceed 30% of the Shares in issue from time to time. In addition, unless a refreshment of the 10% limit mentioned below is approved by our shareholders pursuant to the GEM Listing Rules, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other scheme(s) of the Company shall not in aggregate exceed 10% of all the issued shares as of 18 July 2018, being the date of listing of the Shares on GEM. As at the date hereof, the options available for grant by the Company is in respect of 27,000,000 Shares, representing 10% of the total issued Shares of the Company.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each eligible person in any 12-month period shall not exceed 1% of the Shares in issue on the last day of such 12-month period, unless approved by the shareholders of the Company in accordance with the GEM Listing Rules.

An option shall be regarded as having been granted and accepted when the duplicate of the offer letter, comprising acceptance of the offer of the option, is duly signed by the grantee together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within a period of 30 days from the date of offer of the option, provided that no such offer may be accepted after the expiry of the scheme period or after the Share Option Scheme has been terminated.

There is no minimum period for which an option granted must be held before it can be exercised unless otherwise imposed by the Board.

The exercise prices of the options will be determined by the Board in its absolute discretion but shall not be less than whichever is the highest of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing price of our Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of our Shares on the offer date.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption. As of 31 March 2020, the Company has no outstanding share option under the Share Option Scheme.

## **DIVIDEND**

The Board does not recommend the payment of any dividend for the three months ended 31 March 2020.



## COMPETING INTERESTS

During the Reporting Period, none of the Directors or the controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of our Group or have any other conflicts of interest with our Group.

## INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company appointed Changjiang Corporate Finance (HK) Limited (“**Changjiang Corporate Finance**”) as its compliance adviser. As informed by Changjiang Corporate Finance, neither Changjiang Corporate Finance nor any of its directors or employees or close associates, has or may have, any interest in the share capital of the Company or any member of our Group (including options or rights to subscribe for such securities) during the Reporting Period, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Changjiang Corporate Finance.

## PUBLICATION OF INFORMATION

The unaudited first quarterly results announcement and the unaudited first quarterly report are published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**www.byleasing.com**). The unaudited first quarterly report for the three months ended 31 March 2020 containing all the information required by the GEM Listing Rules will be dispatched to shareholders of the Company in due course.

By order of the Board  
**Byleasing Holdings Limited**  
**Zhou Shiyuan**  
*Chairman*

Hong Kong, 12 May 2020

*As at the date of this announcement, the executive Directors are Mr. Zhou Shiyuan, Mr. Chen Xinwei and Mr. Huang Dake; the non-executive Director is Mr. Ke Jinding; and the independent non-executive Directors are Mr. Chen Chaolin, Mr. Tu Liandong and Mr. Xie Mianbi.*

*This announcement will remain on the GEM website at **www.hkgem.com** on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the Company’s website at **www.byleasing.com**.*