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Baiying Holdings Group Limited

百應控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8525)

UNAUDITED THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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 Baiying Holdings Group 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.*

THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited third quarterly results of our Group for the nine months ended 30 September 2021 (the “**Reporting Period**”), together with the comparative unaudited figures for the corresponding period in 2020. All amounts set out in this announcement are expressed in Renminbi (“**RMB**”) unless otherwise indicated.

FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2021

(Expressed in RMB)

		Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
	Note	RMB	RMB	RMB	RMB
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income		4,867,251	8,578,577	16,379,625	24,031,207
Advisory fee income		–	69,948	235,849	776,278
Sales of packaging and paper product		4,816,017	–	8,258,636	–
Revenue	3	9,683,268	8,648,525	24,874,110	24,807,485
Other net income		3,548,787	485,106	4,262,437	1,582,799
Cost of packaging and paper product		(4,693,464)	–	(8,063,226)	–
Net (loss)/gain from financial assets at fair value through profit or loss		(758,363)	1,791,742	(2,788,917)	1,835,430
Interest expense		(1,212,765)	(1,900,538)	(3,472,548)	(5,452,843)
Operating expense		(3,460,901)	(2,785,914)	(8,949,330)	(10,098,437)
Impairment losses (charged)/written back		(6,917,459)	1,431,613	(8,182,008)	(6,607,521)
Sales expense		(21,949)	–	(21,949)	–
(Loss)/Profit before taxation	4	(3,832,846)	7,670,534	(2,341,431)	6,066,913
Income tax credit/(expense)	5	942,400	(2,004,252)	610,589	(1,865,402)
(Loss)/Profit for the period		(2,890,466)	5,666,282	(1,730,842)	4,201,511
Attributable to:					
Equity shareholders of the Company		(2,895,062)	5,666,282	(1,758,012)	4,201,511
Non-controlling interests		4,616	–	27,170	–
(Loss)/Profit for the period		(2,890,466)	5,666,282	(1,730,842)	4,201,511
(Loss)/Earnings per share					
Basic and diluted (RMB cents)	6	(1.1)	2.1	(0.7)	1.6

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

For the three months and nine months ended 30 September 2021

(Expressed in RMB)

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/Profit for the period	(2,890,466)	5,666,282	(1,730,842)	4,201,511
Other comprehensive income for the period (after tax):				
Item that may be classified subsequently to profit or loss				
– Exchange differences on translation of financial statements of operations outside the mainland China	<u>(30,842)</u>	<u>187,854</u>	<u>(10,403)</u>	<u>100,423</u>
Total comprehensive income for the period	<u>(2,921,288)</u>	<u>5,854,136</u>	<u>(1,741,245)</u>	<u>4,301,934</u>
Attributable to:				
Equity shareholders of the Company	<u>(2,925,904)</u>	<u>5,854,136</u>	<u>(1,768,415)</u>	<u>4,301,934</u>
Non-controlling interests	<u>4,616</u>	<u>–</u>	<u>27,170</u>	<u>–</u>
Total comprehensive income for the period	<u>(2,921,288)</u>	<u>5,854,136</u>	<u>(1,741,245)</u>	<u>4,301,934</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(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.

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

2 BASIS OF PREPARATION

These 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 nine months ended 30 September 2021 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 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements.

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements is the historical cost basis except that financial assets measured at fair value through profit or loss are stated at fair value.

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 AND SEGMENT REPORTING

(a) Disaggregation of revenue

The principal activities of the Group are financial leasing service, factoring service, sales of packaging and paper product and advisory service. The amount of each significant category of revenue recognised during the nine months ended 30 September 2021 and 2020 is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income from				
Finance lease receivables	442,138	1,887,216	2,432,323	7,079,405
Receivables from sale-leaseback transaction under loans and receivables	3,995,892	5,771,507	12,113,681	15,522,350
Factoring receivables	429,221	919,854	1,833,621	1,429,452
	<u>4,867,251</u>	<u>8,578,577</u>	<u>16,379,625</u>	<u>24,031,207</u>
Advisory fee income	—	69,948	235,849	776,278
	<u>—</u>	<u>69,948</u>	<u>235,849</u>	<u>776,278</u>
Sales of packaging and paper product	4,816,017	—	8,258,636	—
	<u>4,816,017</u>	<u>—</u>	<u>8,258,636</u>	<u>—</u>
	<u>9,683,268</u>	<u>8,648,525</u>	<u>24,874,110</u>	<u>24,807,485</u>

Note:

- (i) The Group has no customer for the nine months ended 30 September 2021 and 2020, with whom transactions have exceeded 10% of the Group's aggregate revenues.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Financial services: providing financial leasing service, factoring service and advisory service in the People's Republic of China (the "**PRC**"). Income of financial leasing service takes the portion of financial services for the nine months ended 30 September 2021.
- Packaging and paper product trading: starting with the year 2021, the Group set up Fujian Baiying Paper Co., Ltd. ("**Fujian Baiying Paper**") to diversify the business of the Group. The main business of Fujian Baiying Paper is sales of packaging and paper product in the PRC.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets, investments in financial assets and deferred tax assets. Segment liabilities include borrowings, trade and other liabilities, lease liabilities, income tax payable and deferred tax liabilities.

Revenue and expenses are separate recognised to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "(loss)/profit for the period". To arrive at (loss)/profit for the period, the Group's earnings are further adjusted for items such as impairment losses and operating expense.

Disaggregation of revenue by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

For the nine months ended 30 September 2021	Financial services RMB	Packaging and paper product trading RMB	Total RMB
Disaggregated by timing of revenue recognition			
Over time:			
Interest income	16,379,625	–	16,379,625
Point in time:			
Advisory fee income	235,849	–	235,849
Sales of packaging and paper product	–	8,258,636	8,258,636
Reportable segment revenue	16,615,474	8,258,636	24,874,110
Other net income	4,256,739	5,698	4,262,437
Cost of packaging and paper product	–	(8,063,226)	(8,063,226)
Net (loss)/gain from financial assets at fair value through profit or loss	(2,796,980)	8,063	(2,788,917)
Interest expense	(3,472,548)	–	(3,472,548)
Operating expense	(8,914,940)	(34,390)	(8,949,330)
Impairment losses charged	(8,109,949)	(72,059)	(8,182,008)
Sales expense	–	(21,949)	(21,949)
Reportable segment (loss)/profit before taxation	(2,422,204)	80,773	(2,341,431)
Income tax credit/(expense)	630,986	(20,397)	610,589
Reportable segment (loss)/profit for the period	(1,791,218)	60,376	(1,730,842)

4 (LOSS)/PROFIT BEFORE TAXATION

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

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(a) Staff cost				
Contributions to defined contribution retirement plan	78,478	68,979	200,240	202,373
Salaries, wages and other benefits	1,893,822	1,251,256	4,469,001	3,499,143
Subtotal	1,972,300	1,320,235	4,669,241	3,701,516
(b) Other items				
Amortisation	31,086	31,086	93,257	93,257
Depreciation charge				
– owned property and equipment	53,347	49,946	137,538	141,476
– right-of-use assets	200,907	220,114	606,305	660,341
Interest on lease liabilities	29,868	10,412	46,885	39,906
Research and development expenses	199,794	–	199,794	–
Auditors' remuneration	–	–	339,623	339,623
Consulting expenses	–	–	–	1,886,792
Legal expenses	155,130	132,055	781,103	618,050

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Taxation in the consolidated statements of profit or loss:

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
– PRC Enterprise Income Tax Provision for the period	1,100,479	615,305	2,823,789	2,348,221
– (Over)/Under-provision in respect of prior years	–	–	(100,838)	109,325
Deferred income tax				
– (Origination)/reversal of temporary differences	(2,042,879)	1,388,947	(3,333,540)	(592,144)
	(942,400)	2,004,252	(610,589)	1,865,402

Notes:

- (i) Pursuant to the rules and regulation 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 30 September 2021 of RMB2,895,062 (profit for the three months ended 30 September 2020: RMB5,666,282) and the weighted average of 270,000,000 ordinary shares in issue (three months ended 30 September 2020: 270,000,000 shares) during the three months ended 30 September 2021.

The calculation of basic (loss)/earnings per share is based on the loss for the nine months ended 30 September 2021 of RMB1,758,012 (profit for the nine months ended 30 September 2020: RMB4,201,511) and the weighted average of 270,000,000 ordinary shares (nine months ended 30 September 2020: 270,000,000 shares) in issue during the nine months ended 30 September 2021.

(b) Diluted (loss)/earnings per share

There were no potential dilutive ordinary shares outstanding during the three months and nine months ended 30 September 2021 and 2020, and hence the diluted (loss)/earnings per share are the same as basic (loss)/earnings per share.

7 DIVIDENDS

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the period:

	Nine months ended 30 September	
	2021	2020
	RMB	RMB
Final dividend in respect of the previous financial year, approved and paid during the following period of HKD2 cents per share (nine months ended 30 September 2020: Nil)	<u>4,476,222</u>	<u>N/A</u>

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

For the nine months ended 30 September 2021

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Surplus reserve	Exchange reserve	Retained profits		
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance at 1 January 2020	2,301,857	238,097,760	(6,640,176)	8,530,358	1,445,388	40,523,672	284,258,859	284,258,859
Changes in equity for the nine months ended 30 September 2020:								
Profit for the period	-	-	-	-	-	4,201,511	4,201,511	4,201,511
Other comprehensive income	-	-	-	-	100,423	-	100,423	100,423
Total comprehensive income	-	-	-	-	100,423	4,201,511	4,301,934	4,301,934
Balance at 30 September 2020	2,301,857	238,097,760	(6,640,176)	8,530,358	1,545,811	44,725,183	288,560,793	288,560,793
Balance at 1 January 2021	2,301,857	238,097,760	(6,640,176)	9,364,503	1,767,787	46,017,669	290,909,400	290,909,400
Changes in equity for the nine months ended 30 September 2021:								
Capital injection from non-controlling interest	-	-	-	-	-	-	2,250,000	2,250,000
(Loss)/Profit for the period	-	-	-	-	-	(1,758,012)	(1,758,012)	(1,730,842)
Other comprehensive income	-	-	-	-	(10,403)	-	(10,403)	(10,403)
Total comprehensive income	-	-	-	-	(10,403)	(1,758,012)	(1,768,415)	(1,741,245)
Dividends approved in respect of the previous year	-	-	-	-	-	(4,476,222)	(4,476,222)	(4,476,222)
Balance at 30 September 2021	2,301,857	238,097,760	(6,640,176)	9,364,503	1,757,384	39,783,435	284,664,763	286,941,933

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

We are a finance leasing company in Fujian province, which is mainly engaged in the provision of customized equipment financing solutions through Xiamen Baiying Leasing Co., Ltd.* (廈門百應融資租賃有限責任公司) (“**Xiamen Byleasing**”) to customers, and a few of commercial factoring services through Shanghai Byleasing Commercial Factoring Co., Ltd.* (上海百應商業保理有限責任公司) (“**Shanghai Byleasing**”). Our customers are mainly small and medium-sized enterprises, entrepreneurial individuals and reputable large enterprises. The Company keeps developing the finance leasing business and factoring business and also looking for opportunities to expand into other areas of businesses. We established Fujian Yongchun Qiaoxin Vinegar Co., Ltd.* (福建永春僑新老醋有限責任公司) (“**Qiaoxin**”), a vinegar factory in April 2020 and Fujian Baiying Paper, a packaging and paper product trading company at the beginning of 2021 to provide a bridge between customers who need paper products and paper production companies. The recent soaring global paper prices, the impact of the epidemic and the vigorous development of the e-commerce industry have also led to an increase in market demand for high-quality packaging paper materials. We believe that Fujian Baiying Paper will bring certain benefits to the Group. In recent years, our business has become more diversified, but these new businesses will not affect our main business. The financial leasing business is still the foundation of the Group.

Our revenue slightly increased from RMB24.8 million for the nine months ended 30 September 2020 to RMB24.9 million for the nine months ended 30 September 2021. We recorded a profit of RMB4.2 million for the nine months ended 30 September 2020 and a loss of RMB1.7 million for the nine months ended 30 September 2021. The revenue generated from our financial services was RMB16.4 million for the nine months ended 30 September 2021. The revenue generated from packaging and paper product trading was RMB8.3 million for the period from the establishment date of Fujian Baiying Paper to 30 September 2021. As of 30 September 2021, Qiaoxin has not put into production.

Financial Services

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 RMB14.5 million, accounting for 58.5% of our total revenue for the nine months ended 30 September 2021.

Factoring services

We provided factoring services to our customers through Xiamen Byleasing and Shanghai Byleasing. For the nine months ended 30 September 2021, the revenue from factoring services was RMB1.8 million, accounting for 7.4% of our total revenue.

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 RMB0.2 million, accounting for 0.9% of our total revenue for the nine months ended 30 September 2021. 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.

Packaging and Paper Product Trading

We conduct our packaging and paper product trading through Fujian Baiying Paper since January 2021. For the nine months ended 30 September 2021, the products we sold to our customers were packaging paper and all of our customers were in paper industry.

For the nine months ended 30 September 2021, the revenue from sales of packaging and paper product was RMB8.3 million.

The cost of sales of packaging paper was RMB8.1 million for the nine months ended 30 September 2021 mainly consisted of the procurement cost and transportation cost.

For the nine months ended 30 September 2021, the gross profit of packaging and paper product trading business was RMB0.2 million while the gross profit margin was 2.4%.

Financial Overview

Results of Operations

Revenue

Our revenue consists of interest income, advisory fee income and income from sales of packaging and paper product during the Reporting Period. Our revenue slightly increased from RMB24.8 million for the nine months ended 30 September 2020 to RMB24.9 million for the nine months ended 30 September 2021 mainly due to the increase in our packaging and paper product trading business of RMB8.3 million, partially offset by the decrease in finance leasing services of RMB7.7 million.

Other net income

Our other net income increased from RMB1.6 million for the nine months ended 30 September 2020 to RMB4.3 million for the nine months ended 30 September 2021 primarily due to (i) the increase in the net gain arising from derecognition of finance lease receivables of RMB3.1 million; (ii) the increase in the government grants of RMB0.3 million; and (iii) the decrease in the interest income from loan to a related party of RMB0.7 million.

Interest expense

Our interest expenses decreased from RMB5.5 million for the nine months ended 30 September 2020 to RMB3.5 million for the nine months ended 30 September 2021 mainly due to the decrease in the average monthly balance of loans.

Operating expenses

Our operating expenses decreased from RMB10.1 million for the nine months ended 30 September 2020 to RMB8.9 million for the nine months ended 30 September 2021 mainly due to the decrease in the consulting expenses of RMB1.9 million for the establishment of Qiaoxin.

Impairment losses charged

Our impairment losses charged increased from RMB6.6 million for the nine months ended 30 September 2020 to RMB8.2 million for the nine months ended 30 September 2021, which was primarily due to the combined effect of (i) a reversal of impairment losses of RMB7.2 million as a result of the settlements of four default agreements; and (ii) the increase in impairment losses of RMB8.9 million as a result of the default agreements overdue for more than 90 days.

Income tax credit/(expense)

Our Group recorded an income tax expense of RMB1.9 million for the nine months ended 30 September 2020 and an income tax credit of RMB0.6 million for the nine months ended 30 September 2021 primarily because of the decrease in the profit before taxation.

(Loss)/profit for the period

Our Group recorded a profit of RMB4.2 million for the nine months ended 30 September 2020 and a loss of RMB1.7 million for the nine months ended 30 September 2021 mainly due to the losses from the fair value change of financial assets at fair value through profit or loss.

MATERIAL INVESTMENTS, ACQUISITION AND DISPOSALS

On 13 January 2021, our Group established Fujian Baiying Paper, an indirectly non-wholly owned subsidiary, with a registered capital of RMB30.0 million of which RMB16.5 million (being 55% of the total registered capital of Fujian Baiying Paper) contributed by our Group. Fujian Baiying Paper is principally engaged in the packaging and paper product trading in the PRC. Fujian Baiying Paper recorded a revenue from packaging and paper product trading of RMB8.3 million for the period from its establishment date to 30 September 2021.

Save as disclosed above, we did not have any material investments, acquisition or disposal for the nine months ended 30 September 2021.

PROSPECTS

Looking forward, the Company will pay continuous attention to the impact of the COVID-19 pandemic on the domestic economy, global energy crisis and global economic trends. We will, continue to, adhere to the principle of prudent operation and risk priority, and provide our financial services in China. The Company will commit to growing our business development in the industry that we are already familiar with and design more flexible business plans to meet the changing needs of customers. While supporting customers in overcoming difficulties, the Company will continuously get an insight over the trends of the industries that our customers and potential customers set foot in and the policy of energy consumption control to minimise the effect of the pandemic.

In January 2021, we established Fujian Baiying Paper in Fujian Province, which is principally engaged in the packaging and paper product trading. With the growing popularity of online consumption, particularly during the COVID-19 epidemic, and the rapid development of the country's express delivery industry, demand for high-quality paper packaging materials from the logistics and e-commerce industries has increased. Moreover, the introduction of the new plastic ban encourages the packaging industry to increase production of paper packaging materials that are more environmentally friendly and sustainable, an increase that will bring new opportunities. Under the sluggish market environment, the Group adopts a diversified approach to extend its business into the trade supply chain of the manufacturing industry.

The construction of Qiaoxin is in the final stage. Qiaoxin has started to prepare for the trial production, built the core management team and optimized the internal system to improve the production and operational management. By the end of 2021, our Group is expected to complete the infrastructure construction of Qiaoxin and start production. Thereafter, Qiaoxin will prepare for launch of its new products which will both bring profits to the Group and diversify our business. It will promote the brand of Qiaoxin and enhance the influence of the Group as a whole.

CORPORATE GOVERNANCE

Our Group recognises 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 have 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. The unaudited financial statements for the nine months ended 30 September 2021, together with this announcement have 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 any 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, 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 of the Company 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 of the date of this announcement, 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 30 September 2021, 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 nine months ended 30 September 2021.

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.

PUBLICATION OF INFORMATION

The unaudited third quarterly results announcement and the unaudited third quarterly report are published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.byleasing.com). The unaudited third quarterly report for the nine months ended 30 September 2021, which contains all information required by the GEM Listing Rules, will be dispatched to shareholders of the Company in due course.

* *The English translation of the names of these entities is for reference only. The official names of these entities are in Chinese.*

By order of the Board
Baiying Holdings Group Limited
Zhou Shiyuan
Chairman

Hong Kong, 10 November 2021

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 Listed Company Information” page for at least seven days from the date of its posting and on the Company’s website at www.byleasing.com.