

Baiying Holdings Group Limited
百應控股集團有限公司

First Quarterly Report
2022

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8525

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*This report, for which the directors (the "**Directors**") 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

We are a company headquartered in Fujian Province dedicated to providing equipment-based financing leasing solutions to our customers through Xiamen Baiying Leasing Co., Ltd.* (廈門百應融資租賃有限責任公司) (“**Xiamen Byleasing**”), and 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 include small and medium-sized enterprises, entrepreneurial individuals, and also reputable large enterprises. We have also expanded our business into other areas of business including the manufacture and sale of vinegar and wine products through Fujian Yongchun Qiaoxin Brewing Co., Ltd* (福建永春僑新釀造有限責任公司) (“**Qiaoxin**”), as well as packaging and paper products trading through Fujian Baiying Paper Co., Ltd* (福建百應紙業有限公司). As at 31 March 2022, Qiaoxin has commenced trial production and generated revenue during the three months ended 31 March 2022.

Our revenue increased from RMB6.7 million for the three months ended 31 March 2021 to RMB10.3 million for the three months ended 31 March 2022. We recorded a net loss of RMB0.5 million for the three months ended 31 March 2021 and recorded a profit of RMB3.3 million for the three months ended 31 March 2022. The revenue generated from our financial services was RMB4.2 million for the three months ended 31 March 2022. The revenue generated from the sale of vinegar and wine products was RMB0.06 million. The revenue generated from packaging and paper products trading was RMB6.1 million.

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 RMB3.6 million, accounting for 34.8% of our total revenue for the three months ended 31 March 2022.

Factoring Services

We provided the factoring services to our customers through our subsidiaries, Xiamen Baiying and Shanghai Baiying. For the three months ended 31 March 2022, the revenue from factoring services was RMB0.6 million, accounting for 6.0% of our total revenue.

Advisory Services

For the three months ended 31 March 2022, we did not recognise any revenue from the provision of advisory services despite having provided services relating to one advisory service agreement involving a construction project with a total investment of approximately RMB1,142 million, primarily due to the settlement progress of the relevant construction project yet to meet the criteria for revenue recognition.

Manufacture and Sale of Vinegar and Wine Products

We commenced the manufacture and sale of vinegar and wine products through Qiaoxin since January 2022. As at 31 March 2022, the revenue generated from the sale of vinegar and wine products were through the sale of cooking wine.

For the three months ended 31 March 2022, the revenue from sales of vinegar and wine products was RMB0.06 million, accounting for 0.6% of our total revenue for the three months ended 31 March 2022.

The cost of sales of vinegar and wine products was RMB0.05 million for the three months ended 31 March 2022, mainly consisted of the procurement cost of RMB0.05 million.

For the three months ended 31 March 2022, the gross profit of sales of vinegar and wine products was RMB0.01 million.

Packaging and Paper Products Trading

We conducted our packaging and paper products trading through Fujian Baiying since January 2021. For the three months ended 31 March 2022, the products we sold to our customers were packaging paper and all of our customers were in paper industry.

For the three months ended 31 March 2022, the revenue from sales of packaging and paper products was RMB6.1 million, accounting for 58.6% of our total revenue for the three months ended 31 March 2022.

The cost of sales of packaging paper was RMB5.9 million for the three months ended 31 March 2022, mainly consisted of the procurement cost of RMB5.9 million.

For the three months ended 31 March 2022, the gross profit of packaging and paper products trading business was RMB0.2 million while the gross profit margin was 3.2%.

Financial Overview

Results of Operations

Revenue

Our revenue consists of interest income, income from sales of packaging and paper products, and income from sales of vinegar and wine products during the three months ended 31 March 2022. Our revenue increased from RMB6.7 million for the three months ended 31 March 2021 to RMB10.3 million for the three months ended 31 March 2022 mainly due to the increase in the sales of packaging and paper products, and manufacturing and sales of vinegar and wine products, partially offset by the decrease in interest income for financial services.

Other Net Loss

Our other net loss decreased from a loss of RMB1.1 million for the three months ended 31 March 2021 to a loss of RMB0.6 million for the three months ended 31 March 2022 primarily due to i) the decrease in net realized and unrealized losses on financial assets at fair value through profit or loss of RMB1.1 million; ii) the decrease in investment income from wealth management products of RMB0.3 million; and iii) the decrease in government grants of RMB0.2 million.

Interest Expense

Our interest expenses decreased from RMB1.5 million for the three months ended 31 March 2021 to RMB0.8 million for the three months ended 31 March 2022 mainly due to the decrease in the average monthly balance of loans.

Operating Expense

Our operating expenses slightly decreased from RMB2.6 million for the three months ended 31 March 2021 to RMB2.3 million for the three months ended 31 March 2022 mainly due to the decrease in staff cost of RMB0.4 million.

Sales Expense

Our sales expense increased from nil for the three months ended 31 March 2021 to RMB0.2 million for the three months ended 31 March 2022 mainly due to the commencement of packaging and paper products trading and manufacture and sale of vinegar and wine products businesses.

Impairment Losses Written Back/(Charged)

Our impairment losses charged changed from RMB2.1 million for the three months ended 31 March 2021 to a write-back of RMB4.7 million for the three months ended 31 March 2022, primarily due to the settlement of one default agreement by one default debtor, and the receipt of partial outstanding amount from another default debtor.

Income Tax (Expense)/Credit

Our Group recorded income tax credit of RMB0.1 million for the three months ended 31 March 2021 and recorded an income tax expense of RMB2.0 million for the three months ended 31 March 2022, respectively. Such change was mainly due to increase in profits before taxation.

Profit/(Loss) for the Period

Our net loss for the three months ended 31 March 2021 is RMB0.5 million and we recorded a net profit of RMB3.3 million for the three months ended 31 March 2022, mainly due to reversal of impairment losses.

Material Investments, Acquisitions and Disposals

On 15 March 2022, Qiaoxin has successfully won the bid for the land use rights of a parcel of land situated in the old vinegar industrial park* (工業園區老醋產業園) (Parcel No. 2021-11) (the "**Land**") in Yongchun County, Quanzhou city, Fujian Province, the PRC and the structures erected thereon through the process of the listing-for-sale (掛牌出讓) for a total consideration of RMB22,050,000 (equivalent to approximately HK\$27,265,982) and entered into a land use right transfer agreement with Yongchun County National Resources Bureau* (永春縣自然資源局) as a result of the successful bidding.

The land is to be transformed and renovated for use as a new monascus wine and vinegar production and storage site of Qiaoxin as part of the Group's strategy to further develop the business of Qiaoxin, with construction expected to be completed by 11 May 2025. For details, please refer to the announcement of the Company dated 15 March 2022.

Save as disclosed above, we did not have any material investments, acquisition or disposal for the three months ended 31 March 2022.

Prospects

Looking forward to the future, with the completion of the construction of our factory and the commencement of trial production for Qiaoxin, we will commence full production and the launch of our vinegar and wine products in the second half of 2022 in order to maximize our investment return.

Due to the repeated outbreak of COVID-19, the release and tightening of industrial regulatory policies, and the adjustment of monetary and credit policies, we have slowed down development and investment in our finance leasing business. The Company will, as always, adhere to the principle of prudent operation and risk prioritisation in providing business plans that meet customer needs and ensure its own interests and capital security. In order to control our business risk to the furthest extend, we will optimize our business process, increase our pre-investment due diligence efforts, improve post-leaving management, and commence new business investments against the backdrop of stronger security measures, in order to strive for maximum benefit for the Company.

We established Qiaoxin in Yongchun, Fujian Province on 23 April 2020, with a view to set foot in the vinegar manufacturing and sales industry. Qiaoxin is an important project marking our Company's business diversification, and we will make constant investments in a period of time. As a condiment with a long history, table vinegar has a broad market and huge market potential in China. Yongchun aged vinegar, one of the four famous vinegar products in China, is made from a distinct brewing process and has a unique flavour. It has its own advantages as a regional brand. However, due to geographical limitations, the awareness of Yongchun aged vinegar in China needs to be raised. In view of the low barriers of entry in China's vinegar industry, low brand concentration and short industrialisation process, the directors of the Company (the "**Directors**") believe that investment in the production and sale of Yongchun aged vinegar as our new business can diversify our businesses and bring greater returns to our shareholders. On 15 March 2022, our Company had further successfully won the bid for the land use rights of a piece of land in Yongchun County with a total site area of approximately 71,941 sq.m. and the structures erected thereon, which will be transformed and renovated for use as a new monascus wine and vinegar production and storage site. The construction is expected to be completed by 11 May 2025. For details, please refer to the announcement of the Company dated 15 March 2022. Starting from research and development, channels, operations and publicity, we will build a brand called Qiaoxin and bring more benefits to the Group. In addition, we stepped into the fields of sale and supply chain of paper products in 2021. We cooperated with high quality partners and made use of their resource advantages and industry experience to try in the new fields. The paper sector has brought us certain benefits. For the rest of 2022, we will pay continuous attention to the performance of the paper business sector and make adjustments in a timely manner.

OTHER INFORMATION

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 of the Directors (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 compliance from time to time. During the three months ended 31 March 2022 (the “**Reporting Period**”), the Company has fully complied with the Code Provisions.

Audit Committee

The audit committee of the Company (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 three members are experienced in reviewing and analysing financial information and possess appropriate accounting and related financial management expertise. Therefore, the Company complies with the requirement under Rule 5.28 of the GEM Listing Rules.

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 2022, together with this report 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 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 was 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 of the Company (the “**Share(s)**”) 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.

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 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 2022, the Company has no outstanding share option under the Share Option Scheme.

Dividend

The Board does not propose or recommend the distribution of any dividend for the three months ended 31 March 2022.

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.

Continuing Disclosure Requirements under the GEM Listing Rules

Save as disclosed in this report, as of 31 March 2022, the Directors have confirmed that they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 or 17.43 of the GEM Listing Rules.

Directors' and Chief Executives' Interests and Short Positions in Securities

As of 31 March 2022, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name	Position	Nature of interest	Number of Shares ⁽¹⁾	Percentage in the total issued share capital
Mr. Ke Jinding ⁽²⁾	Non-executive Director	Interest in controlled corporation	37,968,750 Shares (L)	14.06%
Mr. Huang Dake ⁽³⁾	Executive Director	Interest in controlled corporation	22,781,250 Shares (L)	8.44%

Notes:

- (1) The letter “L” denotes a person’s long position (as defined under Part XV of the SFO) in the Shares or the shares in the share capital of the relevant associated corporation.
- (2) Zijiang Capital Limited (“**Zijiang Capital**”) is directly interested in approximately 14.06% of the issued Shares. The disclosed interest represents the interest in the Company held by Zijiang Capital, which is in turn approximately 40%, 40% and 20% by Mr. Ke Shuiyuan, Mr. Ke Jinding and Mr. Ke Zijiang, respectively. Therefore, Mr. Ke Jinding is deemed to be interested in Zijiang Capital’s interest in the Company by virtue of the SFO.
- (3) HDK Capital Limited (“**HDK Capital**”) is directly interested in approximately 8.44% of the issued Shares. The disclosed interest represents the interest in the Company held by HDK Capital, which is wholly owned by Mr. Huang Dake. Therefore, Mr. Huang Dake is deemed to be interested in HDK Capital’s interest in the Company by virtue of the SFO.

Save as disclosed above, as at 31 March 2022, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Interests and Short Positions of Substantial Shareholders

As at 31 March 2022, the persons or corporations (other than a Director or the chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Shareholders	Nature of interest	Number of Shares ⁽¹⁾	Percentage in the total issued share capital
Septwolves Holdings Limited	Beneficial owner	118,968,750 Shares (L)	44.06%
Mr. Zhou Yongwei ⁽²⁾	Interest in controlled corporation	118,968,750 Shares (L)	44.06%
Zijiang Capital	Beneficial owner	37,968,750 Shares (L)	14.06%
Mr. Ke Shuiyuan ⁽³⁾	Interest in controlled corporation	37,968,750 Shares (L)	14.06%
HDK Capital	Beneficial owner	22,781,250 Shares (L)	8.44%
Shengshi Capital Limited	Beneficial owner	15,187,500 Shares (L)	5.63%
Mr. Wong Po Nei ⁽⁴⁾	Interest in controlled corporation	15,187,500 Shares (L)	5.63%

Notes:

- (1) The letter “L” denotes a person’s long position (as defined under Part XV of the SFO) in the Shares.
- (2) The disclosed interest represents the interest in the Company held by Septwolves Holdings Limited (“**Septwolves Holdings**”), which is in turn approximately 37.06%, 31.47% and 31.47% owned by Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming, respectively. Therefore, Mr. Zhou Yongwei is deemed to be interested in Septwolves Holdings’s interest in the Company by virtue of the SFO.
- (3) The disclosed interest represents the interest in the Company held by Zijiang Capital, which is in turn approximately 40%, 40% and 20% by Mr. Ke Shuiyuan, Mr. Ke Jinding and Mr. Ke Zijiang, respectively. Therefore, Mr. Ke Shuiyuan is deemed to be interested in Zijiang Capital’s interest in the Company by virtue of the SFO.
- (4) The disclosed interest represents the interest in the Company held by Shengshi Capital Limited (“**Shengshi Capital**”), which is wholly owned by Mr. Wong Po Nei. Therefore, Mr. Wong Po Nei is deemed to be interested in Shengshi Capital’s interest in the Company by virtue of the SFO.

Save as disclosed above, as of 31 March 2022, the Directors were not aware of any other person or corporation having an interest or short position in Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2022 (Expressed in Renminbi)

	Note	Three months ended 31 March	
		2022 RMB (Unaudited)	2021 RMB (Unaudited)
Sales of products		6,127,054	–
Interest income		4,215,519	6,439,285
Advisory fee income		–	235,849
Revenue	3	10,342,573	6,675,134
Other net loss		(587,844)	(1,050,502)
Cost of sales		(5,923,290)	–
Interest expense		(799,111)	(1,544,121)
Operating expense		(2,273,385)	(2,631,419)
Sales expense		(205,272)	–
Impairment losses written back/(charged)		4,685,975	(2,069,718)
Profit/(loss) before taxation	4	5,239,646	(620,626)
Income tax (expense)/credit	5	(1,988,049)	119,324
Profit/(loss) for the period		3,251,597	(501,302)
Attributable to:			
Equity shareholders of the Company		3,157,715	(501,297)
Non-controlling interests		93,882	(5)
Profit/(loss) for the period		3,251,597	(501,302)
Profit/(loss) per share			
Basic and diluted (RMB cents)	6	1.2	(0.2)

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

For the three months ended 31 March 2022 (Expressed in Renminbi)

	Three months ended 31 March	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	3,251,597	(501,302)
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	38,161	(37,369)
Total comprehensive income for the period	3,289,758	(538,671)
Attributable to:		
Equity shareholders of the Company	3,195,876	(538,666)
Non-controlling interests	93,882	(5)
Total comprehensive income for the period	3,289,758	(538,671)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi (“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 the GEM of the Stock Exchange since 18 July 2018 (the “**Listing**”).

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 2022 have not been audited by the Company’s auditor, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

2 Basis of Preparation (continued)

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 2021 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 2022. 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 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 providing equipment based financing solutions, factoring services, value-added advisory services to customers, sales of packaging and paper products and manufacture and sale of vinegar and wine products in the PRC. The amount of each significant category of revenue recognised during the three months ended 31 March 2022 and 2021 is as follows:

	Three months ended 31 March	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Sales of products arising from		
Sales of packaging and paper products	6,065,289	–
Sales of vinegar and wine products	61,765	–
	6,127,054	–
Interest income arising from		
Finance leases receivables	475,919	1,341,718
Receivables from sale-leaseback transaction under loans and receivables	3,124,558	4,372,913
Factoring receivables	615,042	724,654
	4,215,519	6,439,285
Advisory fee income		
	–	235,849
	10,342,573	6,675,134

3 Revenue and Segment Reporting (continued)

(a) Disaggregation of Revenue (continued)

- (i) The Group has two customers for the period ended 31 March 2022, with whom transactions have exceeded 10% of the Group’s aggregate revenue. Such revenue from the customers is set out below:

	Three months ended 31 March	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Customer A	3,168,098	*
Customer B	1,837,959	*

Note: * The Group has no customer with whom transactions have exceeded 10% of the Group’s aggregate revenue for the three months ended 31 March 2021.

(b) Segment Reporting

The Group manages its business 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 three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Financial services segment: 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 major portion of financial services for the three months ended 31 March 2022.

3 Revenue and Segment Reporting (continued)

(b) Segment Reporting (continued)

- Packaging and paper products trading segment: starting from the year 2021, the Group set up Fujian Baiying Paper Co.,Ltd. (“**Baiying Paper**”) to diversify the business of the Group. The main business of Baiying Paper is sales of packaging and paper products in the PRC.
- Manufacture and sale of vinegar and wine products segment: starting from the year 2021, the Group set up Fujian Yongchun Qiaoxin Brewing Co., Ltd. (“**Qiaoxin**”) to diversify the business of the Group. The main business of Qiaoxin is manufacturing and selling of vinegar and wine products in the PRC. As of 31 March 2022, Qiaoxin is in trial production with sales of a small amount of outsourcing products.

(i) Segment Results

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

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 “profit/(loss) for the period”. To arrive at profit/(loss) for the period the Group’s earnings are further adjusted for items, such as impairment losses and operating expense.

3 Revenue and Segment Reporting (continued)

(b) Segment Reporting (continued)

(i) Segment Results (continued)

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 three months ended	Financial	Packaging	Manufacture	Total
31 March 2022	services	and paper	and sale	
	trading	products	of vinegar	
	RMB	RMB	and wine	RMB
	(Unaudited)	(Unaudited)	products	(Unaudited)
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Over time:				
Interest income	4,215,519	-	-	4,215,519
Point in time:				
Sales of products	-	6,065,289	61,765	6,127,054
Reportable segment revenue	4,215,519	6,065,289	61,765	10,342,573
Other net (loss)/income	(599,301)	2,024	9,433	(587,844)
Cost of sales	-	(5,873,178)	(50,112)	(5,923,290)
Interest expense	(799,111)	-	-	(799,111)
Operating expense	(1,345,868)	(72,117)	(855,400)	(2,273,385)
Sales expense	-	(32,151)	(173,121)	(205,272)
Impairment losses written back	4,492,187	193,788	-	4,685,975
Reportable segment profit/				
(loss) before taxation	5,963,426	283,655	(1,007,435)	5,239,646
Income tax expense	(1,918,249)	(69,800)	-	(1,988,049)
Reportable segment profit/				
(loss) for the period	4,045,177	213,855	(1,007,435)	3,251,597

3 Revenue and Segment Reporting (continued)

(b) Segment Reporting (continued)

(i) Segment Results (continued)

For the period ended 31 March 2021, the directors determined that the Group has only one single business component/reportable segment as the Group is principally engaged in providing financial leasing service which is the basis to allocate resources and assess performance of the Group.

4 Profit/(Loss) before Taxation

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

	Three months ended 31 March	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
(a) Staff cost		
Salaries, wages and other benefits	936,178	1,334,741
Contributions to defined contribution retirement plan	48,987	100,031
Subtotal	985,165	1,434,772

4 Profit/(Loss) before Taxation (continued)

	Three months ended 31 March	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
(b) Other items		
Depreciation charge		
– owned property, plant and equipment	232,185	38,666
– right-of-use assets	200,907	203,058
Amortisation cost of intangible assets	22,595	22,595
Legal expenses	87,426	47,371
(c) Impairment losses (written back)/charged		
Finance Lease receivables	(1,620,013)	1,158,701
Trade and other receivables	(187,142)	284,315
Loans and receivables	(2,878,820)	626,702
	(4,685,975)	2,069,718

5 Income Tax (Expense)/Credit

	Three months ended 31 March	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Current tax		
– PRC Enterprise Income Tax (“EIT”) Provision for the period	301,034	743,994
Deferred income tax		
– Reversal/(origination) of temporary differences	1,687,015	(863,318)
	1,988,049	(119,324)

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 Earnings/(Loss) Per Share

(a) Basic Earnings/(Loss) Per Share

The calculation of basic earnings per share is based on the profit for the three months ended 31 March 2022 of RMB3,157,715 (loss for the three months ended 31 March 2021: RMB501,297) and the weighted average of 270,000,000 ordinary shares in issue (three months ended 31 March 2021: 270,000,000 shares in issue) during the three months ended 31 March 2022.

(b) Diluted Earnings/(Loss) Per Share

There were no potential dilutive ordinary shares outstanding during the three months ended 31 March 2022 and 2021, and hence the diluted earnings/(loss) per share are the same as basic earnings/(loss) 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 2022 (three months ended 31 March 2021: nil).

8 Unaudited Condensed Consolidated Statement of Changes in Equity For the three months ended 31 March 2022

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity	
	Share capital	Share premium	Capital reserve	Surplus reserve	Exchange reserve	Retained earnings			Total
	RMB	RMB	RMB	RMB	RMB	RMB			RMB
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 three months ended 31 March 2021									
Capital injection from non-controlling interest	-	-	-	-	-	-	-	2,000,000	2,000,000
Loss for the period	-	-	-	-	-	(501,297)	(501,297)	(5)	(501,302)
Other comprehensive income	-	-	-	-	(37,369)	-	(37,369)	-	(37,369)
Total comprehensive income	2,301,857	238,097,760	(6,640,176)	9,364,503	(37,369)	(501,297)	(538,666)	(5)	(538,671)
Balance at 31 March 2021 (Unaudited)	2,301,857	238,097,760	(6,640,176)	9,364,503	1,730,418	45,516,372	290,370,734	1,999,995	292,370,729
Balance at 1 January 2022	2,301,857	238,097,760	(6,640,176)	9,364,503	1,806,670	34,466,476	279,397,090	2,231,859	281,628,949
Changes in equity for the three months ended 31 March 2022									
Profit for the period	-	-	-	-	-	3,157,715	3,157,715	93,882	3,251,597
Other comprehensive income	-	-	-	-	38,161	-	38,161	-	38,161
Total comprehensive income	2,301,857	238,097,760	(6,640,176)	9,364,503	38,161	3,157,715	3,195,876	93,882	3,289,758
Balance at 31 March 2022 (Unaudited)	2,301,857	238,097,760	(6,640,176)	9,364,503	1,844,831	37,624,191	282,592,966	2,325,741	284,918,707