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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE FACTORING AGREEMENT

FACTORING AGREEMENT

On 23 May 2022 (after market close), Xiamen Baiying, an indirectly wholly-owned subsidiary of the Company, entered into the Factoring Agreement with Shengningyuan Trade. Pursuant to the Factoring Agreement, Xiamen Baiying would provide accounts receivable factoring services for Shengningyuan Trade with a facility in the Factoring Principal Amount of RMB26,500,000 (equivalent to approximately HK\$30,753,162.35).

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the transaction contemplated under the Factoring Agreement exceeds 5% but is less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under the GEM Listing Rules.

INTRODUCTION

On 23 May 2022 (after market close), Xiamen Baiying, an indirectly wholly-owned subsidiary of the Company, entered into the Factoring Agreement with Shengningyuan Trade. Pursuant to the Factoring Agreement, Xiamen Baiying would provide accounts receivable factoring services for Shengningyuan Trade with a facility in the Factoring Principal Amount of RMB26,500,000 (equivalent to approximately HK\$30,753,162.35).

FACTORING AGREEMENT

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

Date:	23 May 2022
Parties:	(1) Xiamen Baiying (2) Shengningyuan Trade
Type of facility:	One-off and with recourse
Expiring date of the Facility:	14 November 2022
Transfer of accounts receivable:	Subject to the terms and conditions of the Factoring Agreement, the accounts receivable of Shengningyuan Trade totaling RMB30,783,090 (equivalent to approximately HK\$35,723,674.13) referred to the underlying transaction documents (including the purchasing contract entered into between Shengningyuan Trade and the debtor and the acceptance letter of goods issued by Shengningyuan Trade) shall be assigned to Xiamen Baiying.
Factoring Principal Amount:	The Factoring Principal Amount for the transaction under the Factoring Agreement is RMB26,500,000 (equivalent to approximately HK\$30,753,162.35). The Factoring Principal Amount is determined by Xiamen Baiying and Shengningyuan Trade through arm's length negotiation with reference to the actual amount of accounts receivable.
Payment of Factoring Principal Amount:	Xiamen Baiying shall pay the Factoring Principal Amount to Shengningyuan Trade within 5 business days from the effective date of the Factoring Agreement. The Factoring Principal Amount will be financed by the bank borrowing of the Group.
Factoring interest:	The factoring interest rate for the transaction under the Factoring Agreement is 8% per annum. The factoring interest rate is calculated based on the Factoring Principal Amount and financing term. Such interest rate was determined by Xiamen Baiying and Shengningyuan Trade through arm's length negotiation, and in determining the interest rate, Xiamen Baiying has taken into account the creditability of Shengningyuan Trade with reference to its credit track record and length of financing term.

Repayment of the
accounts receivable:

The repayment of the accounts receivable by Shengningyuan Trade to Xiamen Baiying (the “**Repayment**”) is based on the Factoring Principal Amount plus the total amount of the factoring interest agreed to be charged by Xiamen Baiying to Shengningyuan Trade for the entire financing term. Since the accounts receivable of Shengningyuan Trade is transferred to Xiamen Baiying, Shengningyuan Trade is entrusted to receive such accounts receivable from the debtor and shall pay the Repayment to Xiamen Baiying within 3 business days upon receipt of such accounts receivable pursuant to the Factoring Agreement. The balance of the accounts receivable, if any, is attributed to Shengningyuan Trade upon receipt of the Repayment from Shengningyuan Trade by Xiamen Baiying.

Repurchase:

In the event that any of the triggering events occurs: (i) the debtor fails to pay any of the accounts receivable due (the burden of proof as to whether the debtor has paid rests on Shengningyuan Trade); (ii) any default of the debtor or the debtor fails to pay any amounts pursuant to the purchase contract entered into between Shengningyuan Trade and the debtor; (iii) the bankruptcy, cancellation, revocation of the debtor or any other occurrence which has adverse effect to the repayment of the accounts receivable by the debtor; or (iv) Shengningyuan Trade fails to pay the accounts receivable to Xiamen Baiying in a timely manner upon receipt of such accounts receivable pursuant to the Factoring Agreement, Xiamen Baiying shall be entitled to demand Shengningyuan Trade to repurchase the outstanding amount of accounts receivable which has been transferred to Xiamen Baiying by repaying the outstanding Factoring Principal Amount and the default payment.

Default payment:

In the case of failure of repurchase by certain time specified by Shengningyuan Trade, default interest in respect of the outstanding Factoring Principal Amount and factoring interest due but not paid shall be payable by Shengningyuan Trade to Xiamen Baiying based on the following formula:

$$D \times E \times F$$

D = the outstanding Factoring Principal Amount and the factoring interest payable

E = the daily default interest rate of 0.08%

F = the actual number of days of late payment

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group, amongst others, provides finance leasing services, factoring services and advisory services to the customers in the PRC. It is expected that the Factoring Agreement will enable the Group to earn an aggregate income of approximately RMB1,030,555.56 (equivalent to approximately HK\$1,195,956.31).

Given that the Factoring Agreement was entered into in the ordinary and usual course of business of Xiamen Baiying and was agreed between Xiamen Baiying and Shengningyuan Trade on the normal commercial terms, the Directors are of the view that the terms of the Factor Agreement are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

INFORMATION ON THE CREDIT ASSESSMENT IN RESPECT OF THE FACTORING AGREEMENT

The entering into of the Factoring Agreement was determined on the basis of the Company's credit assessment made on, inter alia, the financial strength and the background of Shengningyuan Trade. The Company has prepared a due diligence report to evaluate the creditworthiness of Shengningyuan Trade, which provides an important reference for its credit risk management. In preparing such report, the Company has analysed the balance sheet, profit and loss statement and cash flow statement of Shengningyuan Trade, and the biographical information of its ultimate beneficial owner. Based on such credit assessment, the Company considers that the credit risk relating to the entering into of the Factoring Agreement is relatively low.

INFORMATION ABOUT THE GROUP

The Group is headquartered in Fujian Province and engaged in providing finance leasing services, factoring services and advisory services to the customers, as well as manufacture and sale of vinegar and wine products and packaging and paper products trading.

INFORMATION ABOUT XIAMEN BAIYING

Xiamen Baiying, an indirectly wholly-owned subsidiary of the Company, is a company established in the PRC and engaged in finance leasing business, leasing business, leasing trading consultancy and guarantee and factoring services in the PRC.

INFORMATION ABOUT SHENGNINGYUAN TRADE

Shengningyuan Trade is a company established in the PRC with limited liability, which is principally engaged in whole sale and retail of textile, knitted products and raw materials and clothing, shoes and hats. Shengningyuan Trade is 60% directly owned by Ms. Lin Xiufeng (林秀鳳) and 40% directly owned by Ms. Zhu Qiaohui (朱巧慧).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Shengningyuan Trade and its ultimate beneficial owners are Independent Third Parties and are not connected with any of the Company's connected persons.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the transaction contemplated under the Factoring Agreement exceeds 5% but is less than 25%, such transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Baiying Holdings Group Limited (百應控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 5 June 2017, the Shares of which are listed on GEM (stock code: 8525)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Factoring Agreement”	the factoring agreement dated 23 May 2022, after market close, entered into between Xiamen Baiying and Shengningyuan Trade in respect of the accounts receivable factoring services
“Factoring Principal Amount”	the factoring principal amount for the accounts receivable factoring services under the Factoring Agreement, being RMB26,500,000 (equivalent to approximately HK\$30,753,162.35)
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries as of the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Parties”	the third party independent of and not connected with (within the meaning of the GEM Listing Rules) any Directors, chief executive of the Company or substantial Shareholders, its subsidiaries and their respective associates
“PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shengningyuan Trade”	Xiamen Shengningyuan Trading Co., Ltd.* (廈門盛寧源貿易有限公司), a company established in the PRC with limited liability, which is primarily engaged in whole sale and retail of textile, knitted products and raw materials and clothing, shoes and hats, being the customer under the Factoring Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiamen Baiying”	Xiamen Baiying Leasing Co., Ltd.* (廈門百應融資租賃有限責任公司), a company established in the PRC, which is primarily engaged in finance leasing business, leasing business, leasing trading consultancy and guarantee and factoring services in the PRC, an indirectly wholly-owned subsidiary of the Company

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

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

Fujian Province, the PRC, 23 May 2022

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

For the purpose of this announcement, translations of RMB into HK\$ or vice versa have been calculated by using an exchange rate of RMB0.8617 equal to HK\$1.00. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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 remains on the Company’s website at www.byleasing.com.