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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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Baiying Holdings Group Limited (the “**Company**” and its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed results of the Group for the nine months ended 30 September 2022. This announcement, containing the full text of the 2022 third quarterly report of the Company (the “**Report**”), complies with the relevant requirements of The Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of quarterly results. Printed version of the Report containing the information required by the GEM Listing Rules will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.byleasing.com](http://www.byleasing.com) in due course.

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

Fujian Province, the PRC, 9 November 2022

*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, 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting and on the Company’s website at [www.byleasing.com](http://www.byleasing.com).*

## 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 of the Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 primarily a finance leasing company in Fujian province dedicated to providing equipment-based 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 business, cash flows and sources of payment. Our customers are mainly small and medium-sized enterprises, entrepreneurial individuals and reputable large enterprises. While our Group remains focused in developing the finance leasing business and factoring business, we also actively look for opportunities to expand into other areas of business. On 23 April 2020, we established Fujian Yongchun Qiaoxin Brewing Co., Ltd.\* (福建永春僑新釀造有限責任公司) (“**Qiaoxin**”), a vinegar manufactory in the PRC, with a registered capital of RMB50,000,000, to diversify our business. On 13 January 2021, we also established Fujian Baiying Paper Co., Ltd.\* (福建百應紙業有限公司) (“**Baiying Paper**”) to expand our business portfolio into the packaging and paper products trading industry. These new businesses will not affect our financial services business. As of 30 September 2022, Qiaoxin is in trial production and had commenced the sales of certain cooking wine and other condiment products while the production of which was outsourced.

Our revenue slightly decreased from RMB24.9 million for the nine months ended 30 September 2021 to RMB22.8 million for the nine months ended 30 September 2022 (the “**Reporting Period**”). We recorded a net loss of RMB1.7 million for the nine months ended 30 September 2021 and a net loss of RMB15.2 million for the nine months ended 30 September 2022. The revenue generated from our financial services was RMB11.0 million for the nine months ended 30 September 2022. The revenue generated from the sale of vinegar and other condiment products was RMB0.2 million for the nine months ended 30 September 2022. The revenue generated from packaging and paper products trading through Baiying Paper was RMB11.6 million for the nine months ended 30 September 2022.

## 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 RMB7.3 million, accounting for 31.8% of our total revenue for the nine months ended 30 September 2022.

### Factoring services

We provided factoring services to our customers through our subsidiaries, Xiamen Baiying Leasing Co., Ltd.\* (廈門百應融資租賃有限責任公司) and Shanghai Byleasing Commercial Factoring Co., Ltd.\* (上海百應商業保理有限責任公司). For the nine months ended 30 September 2022, the revenue from factoring services was RMB3.7 million, accounting for 16.4% of our total revenue.

### Advisory services

Leveraging our experience in arranging finance leases for our customers, 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. For the nine months ended 30 September 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 had yet to meet the criteria for revenue recognition.

## Manufacture and Sale of Vinegar and Other Condiment Products

We commenced the manufacture and sale of vinegar and other condiment products through Qiaoxin since January 2022. As of 30 September 2022, Qiaoxin is in trial production and the revenue generated from the sale of vinegar and other condiment products was through the sale of cooking wine and other condiment products.

For the nine months ended 30 September 2022, the revenue from the sale of vinegar and other condiment products was RMB0.2 million, accounting for 0.8% of our total revenue.

The cost of sale of vinegar and other condiment products was RMB0.1 million for the nine months ended 30 September 2022, mainly consisted of the procurement cost of RMB0.1 million.

For the nine months ended 30 September 2022, the gross profit of sale of vinegar and other condiment products was RMB0.02 million.

## **Packaging and Paper Products Trading**

We conduct our packaging and paper products trading through Baiying Paper since January 2021. For the nine months ended 30 September 2022, the products we sold to our customers were packaging paper and all of our customers were either in the paper industry or were trading companies.

For the nine months ended 30 September 2022, the revenue from sales of packaging and paper products was RMB11.6 million, accounting for 51.0% of our total revenue.

The cost of sales of packaging paper was RMB11.3 million for the nine months ended 30 September 2022 mainly consisted of the procurement cost of RMB11.3 million.

For the nine months ended 30 September 2022, the gross profit of packaging and paper products trading business was RMB0.3 million.

## **Financial Overview** **Results of Operations**

### **Revenue**

Our revenue consists of interest income, advisory fee income, income from sales of vinegar and other condiment products and income from sales of packaging and paper products during the Reporting Period. Our revenue slightly decreased from RMB24.9 million for the nine months ended 30 September 2021 to RMB22.8 million for the nine months ended 30 September 2022 mainly due to the decrease in financial service of RMB5.4 million, partially offset by the increase in our packaging and paper products trading business of RMB3.4 million.

### **Other net income**

Our other net income decreased from RMB4.3 million for the nine months ended 30 September 2021 to RMB1.7 million for the nine months ended 30 September 2022 primarily due to the decrease in net gain arising from derecognition of finance lease receivables of RMB3.1 million, which was partially offset by the increase in government grants of RMB0.6 million.

### **Interest expense**

Our interest expense decreased from RMB3.5 million for the nine months ended 30 September 2021 to RMB2.7 million for the nine months ended 30 September 2022 mainly due to the decrease in average monthly balance of loans.

**Operating expense**

Our operating expense slightly decreased from RMB8.9 million for the nine months ended 30 September 2021 to RMB8.3 million for the nine months ended 30 September 2022.

**Impairment losses charged**

Our impairment losses charged decreased from RMB8.2 million for the nine months ended 30 September 2021 to RMB6.2 million for the nine months ended 30 September 2022. Our impairment losses charged for the nine months ended 30 September 2022 of RMB6.2 million is attributable to combined effect of (1) decrease in estimated recoverable amount from one default agreement resulting in an increase in impairment losses of RMB8.2 million; (2) increase in 3 new factoring agreements leading to increase in impairment losses of RMB2.8 million; and (3) partial recovery of the overdue amount in respect of three default agreements leading to decrease in impairment losses of RMB 5.9 million.

The estimated recoverable amount of the aforementioned default agreement is based on the starting and retention price in public auction of the relevant collaterals under the default agreement and further discounted based on a variety of factors including the geographical location of the collateral and its difficulty of disposal, estimated time and cost of disposal, as well as the estimated present value of cashflows generated from the collateral. Given that the relevant collateral under the default agreement was bought-in in two rounds of public auction, coupled with the difficulty and prolonged process for disposing the collateral, which resulted in decrease in the estimated recoverable amount.

**Sales expense**

Our sales expense increased from nil for the nine months ended 30 September 2021 to RMB1.5 million for the nine months ended 30 September 2022 mainly due to the commencement of packaging and paper products trading and manufacture and sale of vinegar and other condiment products businesses.

Our sales expense mainly included staff cost of RMB0.9 million and consulting expense of RMB0.3 million.

**Income tax (expense)/credit**

Our Group recorded an income tax credit of RMB0.6 million for the nine months ended 30 September 2021 and an income tax expense of RMB8.1 million for the nine months ended 30 September 2022 primarily because we were unable to obtain the supporting documents of recognising impairment losses for tax deduction for the time being, resulting in the non-recognition of deferred tax assets arising from such impairment losses and hence an increase in income tax expense.

### **Loss for the period**

Our Group recorded a loss of RMB1.7 million for the nine months ended 30 September 2021 and a loss of RMB15.2 million for the nine months ended 30 September 2022 mainly due to decrease in the scale of financial services which led to a decrease in interest revenue of RMB5.4 million, as well as increase in tax expense of RMB8.7 million.

### **Material Investments, Acquisition 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 nine months ended 30 September 2022.

As at 30 September 2022, we had no specific future plan for material investments or capital assets.

### **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 fourth quarter 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 extent, 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 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. In the fourth quarter of 2022, we will pay continuous attention to the performance of the paper 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 set out in Appendix 15 to the GEM Listing Rules and have reviewed its corporate governance policies and compliance from time to time. During 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 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 2022, together with this report 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.

## OTHER INFORMATION

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 of the date of this report, 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 30 September 2022, 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 2022.

### **Competing Interests**

During the Reporting Period, none of the Directors or the controlling shareholders 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 30 September 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 of the GEM Listing Rules.

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

As of 30 September 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 (“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 <sup>(1)</sup>	Percentage in the total issued share capital
Mr. Ke Jinding <sup>(2)</sup>	Non-executive Director	Interest in controlled corporation	37,968,750 Shares (L)	14.06%
Mr. Huang Dake <sup>(3)</sup>	Executive Director	Interest in controlled corporation	12,430,934 Shares (L)	4.60%

## 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 4.60% 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 30 September 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.

## OTHER INFORMATION

### Interests and Short Positions of Substantial Shareholders

As at 30 September 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 <sup>(1)</sup>	Percentage in the total issued share capital
Septwolves Holdings Limited <sup>(2)</sup>	Beneficial owner	118,968,750 Shares (L)	44.06%
Mr. Zhou Yongwei <sup>(2)</sup>	Interest in controlled corporation	124,143,908 Shares (L)	45.98%
Zijiang Capital	Beneficial owner	37,968,750 Shares (L)	14.06%
Mr. Ke Shuiyuan <sup>(3)</sup>	Interest in controlled corporation	37,968,750 Shares (L)	14.06%
Shengshi Capital Limited	Beneficial owner	15,187,500 Shares (L)	5.63%
Mr. Wong Po Nei <sup>(4)</sup>	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**”) and SEPTWOLVES INTERNATIONAL GROUP LIMITED respectively. Septwolves Holdings is approximately 37.06%, 31.47% and 31.47% owned by Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming, respectively. SEPTWOLVES INTERNATIONAL GROUP LIMITED is approximately 82.86% indirectly owned by Fujian Septwolves Group, which in turn is approximately 37.82% owned by Mr. Zhou Yongwei. Therefore, Mr. Zhou Yongwei is deemed to be interested in Septwolves Holdings’ and SEPTWOLVES INTERNATIONAL GROUP LIMITED’s respective 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 30 September 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 and nine months ended 30 September 2022 (Expressed in Renminbi)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Sales of packaging and paper products		1,052,492	4,816,017	11,638,419	8,258,636
Sales of vinegar and other condiment products		73,076	–	167,461	–
Interest income		3,756,238	4,867,251	11,014,401	16,379,625
Advisory fee income		–	–	–	235,849
<b>Revenue</b>	3	<b>4,881,806</b>	9,683,268	<b>22,820,281</b>	24,874,110
Other net income		1,126,687	3,548,787	1,749,326	4,262,437
Cost of packaging and paper products		(1,016,955)	(4,693,464)	(11,274,621)	(8,063,226)
Cost of vinegar and other condiment products		(74,679)	–	(149,419)	–
Net loss from financial assets at fair value through profit or loss		(1,103,016)	(758,363)	(1,535,198)	(2,788,917)
Interest expense		(848,577)	(1,212,765)	(2,710,775)	(3,472,548)
Operating expense		(2,408,251)	(3,460,901)	(8,265,572)	(8,949,330)
Sales expense		(1,013,705)	(21,949)	(1,513,716)	(21,949)
Impairment losses charged		(362,711)	(6,917,459)	(6,231,000)	(8,182,008)
<b>Loss before taxation</b>	4	<b>(819,401)</b>	(3,832,846)	<b>(7,110,694)</b>	(2,341,431)
Income tax (expense)/credit	5	(1,041,062)	942,400	(8,120,631)	610,589

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
For the three and nine months ended 30 September 2022 (Expressed in Renminbi)

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2022	2021	2022	2021
		RMB	RMB	RMB	RMB
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Loss for the period</b>		<b>(1,860,463)</b>	(2,890,446)	<b>(15,231,325)</b>	(1,730,842)
<b>Attributable to:</b>					
Equity shareholders of the Company		<b>(1,822,702)</b>	(2,895,062)	<b>(15,297,678)</b>	(1,758,012)
Non-controlling interests		<b>(37,761)</b>	4,616	<b>66,353</b>	27,170
<b>Loss for the period</b>		<b>(1,860,463)</b>	(2,890,446)	<b>(15,231,325)</b>	(1,730,842)
<b>Loss per share</b>					
Basic and diluted (RMB cents)	6	<b>(0.7)</b>	(1.1)	<b>(5.7)</b>	(0.7)

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

For the three and nine months ended 30 September 2022 (Expressed in Renminbi)

	Note	Three months ended 30 September 2022		Nine months ended 30 September 2021	
		RMB (Unaudited)	2021 RMB (Unaudited)	RMB (Unaudited)	2021 RMB (Unaudited)
<b>Loss for the period</b>		<b>(1,860,463)</b>	(2,890,446)	<b>(15,231,325)</b>	(1,730,842)
<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 financial statements of operations outside the mainland China		<b>(76,265)</b>	(30,842)	<b>(236,597)</b>	(10,403)
<b>Total comprehensive income for the period</b>		<b>(1,936,728)</b>	(2,921,288)	<b>(15,467,922)</b>	(1,741,245)
<b>Attributable to:</b>					
Equity shareholders of the Company		<b>(1,898,967)</b>	(2,925,904)	<b>(15,534,275)</b>	(1,768,415)
Non-controlling interests		<b>(37,761)</b>	4,616	<b>66,353)</b>	27,170
<b>Total comprehensive income for the period</b>		<b>(1,936,728)</b>	(2,921,288)	<b>(15,467,922)</b>	(1,741,245)

# 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 is an investment holding company and the principal place of the Group’s operation is in the People’s Republic of China (the “PRC”).

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 Listing Rules.

The unaudited condensed consolidated financial statements for the nine months ended 30 September 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 other condiment products in the PRC. The amount of each significant category of revenue recognised during the three and nine months ended 30 September 2022 and 2021 is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)	2022 RMB (Unaudited)	2021 RMB (Unaudited)
<b>Sales of products arising from</b>				
Sales of packaging and paper products	1,052,492	4,816,017	11,638,419	8,258,636
Sales of vinegar and other condiment products	73,076	–	167,461	–
	<b>1,125,568</b>	4,816,017	<b>11,805,880</b>	8,258,636
<b>Interest income from</b>				
Finance leases receivables	115,252	442,138	875,452	2,432,323
Receivables from sale-leaseback transaction under loans and receivables	1,649,079	3,995,892	6,391,376	12,113,681
Factoring receivables	1,991,907	429,221	3,747,573	1,833,621
	<b>3,756,238</b>	4,867,251	<b>11,014,401</b>	16,379,625
<b>Advisory fee income</b>	–	–	–	235,849
	<b>4,881,806</b>	9,683,268	<b>22,820,281</b>	24,874,110

### 3 Revenue and segment reporting (continued)

#### (a) Disaggregation of revenue (continued)

- (i) The Group has two customers for the nine months ended 30 September 2022, with whom transactions have exceeded 10% of the Group's aggregate revenue. Such revenue from the customers is set out below:

	Nine months ended 30 September	
	2022	2021
	RMB	RMB
Customer A	4,633,762	*
Customer B	3,765,771	*

Note: \* The Group has no customer with whom transactions have exceeded 10% of the Group's aggregate revenue for the nine months ended 30 September 2021.



### 3 Revenue and segment reporting (continued)

#### (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 PRC. Income of financial leasing service takes the major portion of financial services for the nine months ended 30 September 2022.
- 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 other condiment 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 other condiment products in the PRC. As of 30 September 2022, Qiaoxin is in trial production with sales of a small amount of outsourcing products.

### **3 Revenue and segment reporting (continued)**

#### **(b) Segment reporting (continued)**

##### **(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 separately 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 loss is “loss for the period”. To arrive at loss for the period the Group’s losses are further adjusted for items, such as 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.

### 3 Revenue and segment reporting (continued)

	Nine months ended 30 September 2022			
	Financial services	Packaging and paper products trading	Manufacture and sale of vinegar and other condiment products	Total
<b>Disaggregated by timing of revenue recognition</b>				
<b>Over time:</b>				
Interest income	11,014,401	-	-	11,014,401
<b>Point in time:</b>				
Sales of packaging and paper products	-	11,638,419	-	11,638,419
Sales of vinegar and other condiment products	-	-	167,461	167,461
<b>Reportable segment revenue</b>	<b>11,014,401</b>	<b>11,638,419</b>	<b>167,461</b>	<b>22,820,281</b>
Other net income	1,643,139	10,503	95,684	1,749,326
Cost of packaging and paper products	-	(11,274,621)	-	(11,274,621)
Cost of vinegar and other condiment products	-	-	(149,419)	(149,419)
Net (loss)/gain from financial assets at fair value through profit or loss	(1,551,171)	5,806	10,167	(1,535,198)
Interest expense	(2,705,708)	-	(5,067)	(2,710,775)
Operating expense	(4,027,960)	(239,903)	(3,997,709)	(8,265,572)
Sales expense	-	(84,431)	(1,429,285)	(1,513,716)
Impairment losses (charged)/written back	(6,380,749)	158,408	(8,659)	(6,231,000)
<b>Reportable segment profit/(loss) before taxation</b>	<b>(2,008,048)</b>	<b>214,181</b>	<b>(5,316,827)</b>	<b>(7,110,694)</b>
Income tax expense	(7,616,607)	(49,453)	(454,571)	(8,120,631)
<b>Reportable segment profit/(loss) for the period</b>	<b>(9,624,655)</b>	<b>164,728</b>	<b>(5,771,398)</b>	<b>(15,231,325)</b>

### 3 Revenue and segment reporting (continued)

	Nine months ended 30 September 2021		
	Financial services	Packaging and paper products trading	Total
<b>Disaggregated by timing of revenue recognition</b>			
<b>Over time:</b>			
Interest income	16,379,625	–	16,379,625
<b>Point in time:</b>			
Advisory fee income	235,849	–	235,849
Sales of packaging and paper products	–	8,258,636	8,258,636
<b>Reportable segment revenue</b>	<b>16,615,474</b>	<b>8,258,636</b>	<b>24,874,110</b>
Other net income	4,256,739	5,698	4,262,437
Cost of packaging and paper products	–	(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)
<b>Reportable segment (loss)/profit before taxation</b>	<b>(2,422,204)</b>	<b>80,773</b>	<b>(2,341,431)</b>
Income tax credit/(expense)	630,986	(20,397)	610,589
<b>Reportable segment (loss)/profit for the period</b>	<b>(1,791,218)</b>	<b>60,376</b>	<b>(1,730,842)</b>

#### 4 Loss before taxation

Loss before taxation is arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>(a) Staff cost</b>				
Contributions to defined contribution retirement plan	145,416	78,478	364,907	200,240
Salaries, wages and other benefits	1,279,809	1,893,822	3,136,858	4,469,001
<b>Subtotal</b>	<b>1,425,225</b>	1,972,300	<b>3,501,765</b>	4,669,241
<b>(b) Other items</b>				
Depreciation charge – owned property and equipment	225,180	53,347	698,011	137,538
– right-of-use assets	101,496	200,907	405,012	606,305
Amortisation	76,675	31,086	121,865	93,257
Interest on lease liabilities	12,426	29,868	48,531	46,885
Auditors' remuneration	–	–	660,377	339,623
Legal expense	154,812	155,130	318,206	781,103
Consulting expense	283,019	–	566,038	–
<b>(c) Impairment losses charged/(written back)</b>				
Finance Lease receivables	118,571	3,831,691	6,564,686	8,715,879
Trade and other receivables	(10,375)	1,099,471	77,139	1,597,444
Loans and receivables	254,515	1,986,297	(410,825)	(2,131,315)
	<b>362,711</b>	6,917,459	<b>6,231,000</b>	8,182,008

## 5 Income tax (expense)/credit

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Current tax</b>				
– PRC Enterprise Income Tax				
Provision for the period	<b>122,232</b>	1,100,479	<b>902,088</b>	2,823,789
– Over-provision in respect of prior years	–	–	<b>(341,880)</b>	(100,838)
<b>Deferred income tax</b>				
– Reversal/(origination) of temporary differences	<b>918,830</b>	(2,042,879)	<b>7,560,423</b>	(3,333,540)
	<b>1,041,062</b>	(942,400)	<b>8,120,631</b>	(610,589)

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 per share

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss for the three months ended 30 September 2022 of RMB1,822,702 (loss for the three months ended 30 September 2021: RMB2,895,062) and the weighted average of 270,000,000 ordinary shares in issue (three months ended 30 September 2021: 270,000,000 shares in issue) during the three months ended 30 September 2022.

The calculation of basic loss per share is based on the loss for the nine months ended 30 September 2022 of RMB15,297,678 (loss for the nine months ended 30 September 2021: RMB1,758,012) and the weighted average of 270,000,000 ordinary shares in issue (nine months ended 30 September 2021: 270,000,000 shares in issue) during the nine months ended 30 September 2022.

### (b) Diluted loss per share

There were no potential dilutive ordinary shares outstanding during the three months and nine months ended 30 September 2022 and 2021, and hence the diluted loss per share are the same as basic loss per share.

## 7 Dividends

No dividends had been paid to the equity shareholders of companies now comprising the Group during the nine months ended 30 September 2022 (nine months ended 30 September 2021: RMB4,476,222).

## 8 Unaudited Condensed Consolidated Statement of Changes in Equity For the nine months ended 30 September 2022 and 2021

	Attributable to equity shareholders of the Company								
	Share capital	Share premium	Capital reserve	Surplus reserve	Exchange reserve	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Balance at 1 January 2021</b>	2,301,857	238,097,760	(6,640,176)	9,364,503	1,767,787	46,017,669	290,909,400	-	290,909,400
<b>Changes in equity for the nine months ended 30 September 2021</b>									
Capital injection from non-controlling interest	-	-	-	-	-	-	-	2,250,000	2,250,000
(Loss)/profit for the period	-	-	-	-	-	(1,758,012)	(1,758,012)	27,170	(1,730,842)
Other comprehensive income	-	-	-	-	(10,403)	-	(10,403)	-	(10,403)
<b>Total comprehensive income</b>	-	-	-	-	(10,403)	(1,758,012)	(1,768,415)	27,170	(1,741,245)
Dividends approved in respect of the previous year	-	-	-	-	-	(4,476,222)	(4,476,222)	-	(4,476,222)
<b>Balance at 30 September 2021</b>	2,301,857	238,097,760	(6,640,176)	9,364,503	1,757,384	39,783,435	284,664,763	2,277,170	286,941,933
<b>Balance at 1 January 2022</b>	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
<b>Changes in equity for the nine months ended 30 September 2022</b>									
(Loss)/profit for the period	-	-	-	-	-	(15,297,678)	(15,297,678)	66,353	(15,231,325)
Other comprehensive income	-	-	-	-	(236,597)	-	(236,597)	-	(236,597)
<b>Total comprehensive income</b>	-	-	-	-	(236,597)	(15,297,678)	(15,534,275)	66,353	(15,467,922)
Dividends approved in respect of the previous year	-	-	-	-	-	-	-	-	-
<b>Balance at 30 September 2022</b>	2,301,857	238,097,760	(6,640,176)	9,364,503	1,570,073	19,168,798	263,862,815	2,298,212	266,161,027