

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

Third Quarterly Report
2020

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8525

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*This report, for which the directors (the "**Director(s)**") of Baiying Holdings Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company and its subsidiaries (together, the "**Group**", "**we**" or "**our**"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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 finance leasing company in Fujian province dedicated to providing equipment-based financing solutions to our customers. We provide customized services to meet specific needs and requirements of our customers by closely interacting with them to determine the appropriate interest rates, repayment plans and terms of our services based on their businesses, cash flows and source of payment. Our customers are mainly small and medium-sized enterprises, entrepreneurial individuals, and also include reputable large enterprises. While our Group keeps developing the finance leasing business and factoring business, on 23 April 2020, we established Fujian Yongchun Qiaoxin Vinegar Co., Ltd.* (福建永春僑新老醋有限責任公司) ("**Qiaoxin**"), a vinegar manufactory in the PRC, to diversify our business. This new business will not affect our principal business. As of 30 September 2020, Qiaoxin has not yet put into production.

On 19 June 2020, subsequent to the passing of the special resolution approving the change of Company name by the shareholders of the Company at the extraordinary general meeting and the issuance of the certificate of incorporation on change of name by the Registrar of Companies in the Cayman Islands, the change of Company name became effective. For more details, please refer to the 2020 interim report of the Company dated 13 August 2020.

Our revenue decreased from RMB42.4 million for the nine months ended 30 September 2019 to RMB24.8 million for the nine months ended 30 September 2020. Our profit decreased from RMB13.4 million for the nine months ended 30 September 2019 to RMB4.2 million for the nine months ended 30 September 2020.

Finance Leasing Services

We primarily offered two types of finance leasing services, namely, direct finance leasing and sale-leaseback, to our customers. Revenue from finance leasing services was RMB22.6 million, accounting for 91.1% of our total revenue for the nine months ended 30 September 2020.

Factoring Services

We provided the factoring services to our customers through Xiamen Baiying Leasing Co., Ltd.* (廈門百應融資租賃有限責任公司) and Shanghai Baiying 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 2020, the revenue from factoring services was RMB1.4 million, accounting for 5.8% of our total revenue.

Advisory Services

We also provide advisory services with regard to project coordination, contract drafting and negotiation, project management, project financing and its compliance with relevant regulatory requirements. Our revenue from advisory services was RMB0.8 million, accounting for 3.1% of our total revenue for the nine months ended 30 September 2020. Such revenue came from one advisory service agreement, which we entered into with one of our customers, involving a construction project, with a total investment of approximately RMB1,142 million. We charged 1% of the project progress payment which our customer received for our advisory services.

Financial Overview

Results of Operations

Revenue

Our revenue decreased from RMB42.4 million for the nine months ended 30 September 2019 to RMB24.8 million for the nine months ended 30 September 2020 mainly due to the decrease in our finance leasing business.

Other net income

Our other net income increased from RMB1.9 million for the nine months ended 30 September 2019 to RMB3.4 million for the nine months ended 30 September 2020 primarily due to (i) the unrealized gain on fair value through profit or loss of RMB1.1 million; and (ii) the COVID-19 pandemic-related government grants of RMB0.3 million.

Interest expense

Our interest expenses decreased from RMB10.3 million for the nine months ended 30 September 2019 to RMB5.5 million for the nine months ended 30 September 2020 mainly due to the decrease in the average monthly balance of loans.

Operating expenses

Our operating expenses increased from RMB8.4 million for the nine months ended 30 September 2019 to RMB10.1 million for the nine months ended 30 September 2020 mainly due to the increase in the consulting expenses of RMB1.9 million for the establishment of Qiaoxin.

Impairment losses charged

Our impairment losses charged decreased from RMB7.4 million for the nine months ended 30 September 2019 to RMB6.6 million for the nine months ended 30 September 2020, which was primarily due to the combined effect of (i) two additional default agreements; (ii) the decrease in impairment losses of RMB1.6 million as a result of the repayment from a related party; and (iii) the decrease in finance leasing business.

Income tax expense

Our income tax expense decreased from RMB4.8 million for the nine months ended 30 September 2019 to RMB1.9 million for the nine months ended 30 September 2020 primarily because of the decrease of approximately RMB12.2 million in the profit before tax.

Profit for the period

Our profit decreased from RMB13.4 million for the nine months ended 30 September 2019 to RMB4.2 million for the nine month ended 30 September 2020. Such decrease was mainly due to the decrease in our revenue.

Prospects

COVID-19 pandemic is still unpredictable as of the date of this report. Despite of the successful control of COVID-19 pandemic in most regions of the PRC, the overseas situation of COVID-19 pandemic is still critical. We may confront an unpredictable situation in a long period. The Company will keep observing the trends of the industries that our clients involved in and further strengthening its risk control while supporting its customers in overcoming difficulties in order to develop our business under this situation. China's economy has been gradually recovered from the COVID-19 pandemic in the second half of 2020. The Company strives to develop new businesses in the industries supported and promoted by the government and enhance its cooperation with existing customers to satisfy their funding needs during the epidemic while accomplishing its own development goals.

On 23 April 2020, we established Qiaoxin in Yongchun, Fujian province, with a view to engaging in the industry of production and sale of edible vinegar in order to diversify our business. Our Directors consider that investment in the production and sale of Yongchun vinegar as our new business may bring additional profits to our shareholders through diversification of our business.

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 nine months ended 30 September 2020 (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. This unaudited financial statements for the nine months ended 30 September 2020, 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, 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.

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 2020, the Company has no outstanding share option under the Share Option Scheme.

Dividend

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2020.

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.

Interest of Compliance Adviser

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

Continuing Disclosure Requirements under the GEM Listing Rules

Save as disclosed in this report, as of 30 September 2020, 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 2020, 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% owned 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 30 September 2020, none of the Directors and the 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 2020, 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 ⁽³⁾
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’ 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% owned 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.
- (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 2020, 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 and nine months ended 30 September 2020 (Expressed in Renminbi)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2020 RMB (Unaudited)	2019 RMB (Unaudited)	2020 RMB (Unaudited)	2019 RMB (Unaudited)
Interest income		8,578,577	12,610,183	24,031,207	40,702,339
Advisory fee income		69,948	462,264	776,278	1,671,793
Revenue	3	8,648,525	13,072,447	24,807,485	42,374,132
Other net income		2,276,848	889,800	3,418,229	1,934,642
Interest expense		(1,900,538)	(2,770,393)	(5,452,843)	(10,268,514)
Operating expense		(2,785,914)	(2,714,856)	(10,098,437)	(8,387,493)
Impairment losses written back/(charged)		1,431,613	196,753	(6,607,521)	(7,416,981)
Profit before taxation	4	7,670,534	8,673,751	6,066,913	18,235,786
Income tax expense	5	(2,004,252)	(2,237,217)	(1,865,402)	(4,795,720)
Profit for the period		5,666,282	6,436,534	4,201,511	13,440,066
Attributable to:					
Equity shareholders of the Company		5,666,282	6,436,534	4,201,511	13,440,066
Profit for the period		5,666,282	6,436,534	4,201,511	13,440,066
Earnings per share					
Basic and diluted (RMB cents)	6	2.1	2.4	1.6	5.0

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

For the three months and nine months ended 30 September 2020 (Expressed in Renminbi)

	Three months ended		Nine months ended	
	30 September 2020	2019	30 September 2020	2019
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	5,666,282	6,436,534	4,201,511	13,440,066
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	187,854	(112,344)	100,423	(249,466)
Total comprehensive income for the period	5,854,136	6,324,190	4,301,934	13,190,600
Attributable to:				
Equity shareholders of the Company	5,854,136	6,324,190	4,301,934	13,190,600
Total comprehensive income for the period	5,854,136	6,324,190	4,301,934	13,190,600

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.

To rationalise the corporate structure in preparation of the listing of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM of the Stock Exchange**”), the Company and its subsidiaries (together referred to as the “**Group**”) underwent a reorganisation (the “**Reorganisation**”). Upon completion of the Reorganisation on 16 November 2017, the Company became the Group’s holding company.

The Company’s issued shares have been listed on GEM of the Stock Exchange since 18 July 2018 (the “**Listing**”).

2 Basis of preparation

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

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2020 have not been audited by the Company’s auditor, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements.

2 Basis of preparation (continued)

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

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

3 Revenue

The principal activities of the Group are providing equipment based financing solutions, factoring services, and value-added advisory services to customers in the PRC.

No segment information is presented as the Group is principally engaged in a single line of business for the current and prior periods. Revenue represents interest income and advisory fee net of value added taxes and other charges.

3 Revenue (continued)

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income from				
Finance leases receivables	1,887,216	8,658,731	7,079,405	33,500,710
Receivables from sale-leaseback transaction under loans and receivables	5,771,507	3,887,679	15,522,350	7,074,082
Factoring receivables	919,854	63,773	1,429,452	127,547
	8,578,577	12,610,183	24,031,207	40,702,339
Advisory fee income	69,948	462,264	776,278	1,671,793
	8,648,525	13,072,447	24,807,485	42,374,132

4 Profit before taxation

Profit before taxation is arrived at after charging:

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(a) Staff cost				
Contributions to defined contribution retirement plan	68,979	95,943	202,373	274,428
Salaries, wages and other benefits	1,251,256	1,314,564	3,499,143	3,890,770
Subtotal	1,320,235	1,410,507	3,701,516	4,165,198
(b) Other items				
Depreciation charge				
– owned property and equipment	49,946	39,423	141,476	110,215
– right-of-use assets	220,114	220,114	660,341	660,341
Consulting expenses	–	–	1,886,792	–
Interest on lease liabilities	10,412	21,799	39,906	73,627
Amortisation	31,086	31,086	93,257	75,576
Auditors' remuneration	–	–	339,623	339,623
Legal expenses	132,055	129,520	618,050	527,272

5 Income tax in the consolidated statements of profit or loss

Taxation in the consolidated statements of profit or loss:

	Three months ended		Nine months ended	
	30 September		30 September	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
– PRC Enterprise Income Tax				
Provision for the period	615,305	2,157,560	2,348,221	6,134,764
– Under-provision in respect of prior years	–	–	109,325	26,747
Deferred income tax				
– Origination of temporary differences	1,388,947	79,657	(592,144)	(1,365,791)
	2,004,252	2,237,217	1,865,402	4,795,720

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 per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the three months ended 30 September 2020 of RMB5,666,282 (profit for the three months ended 30 September 2019: RMB6,436,534) and the weighted average of 270,000,000 ordinary shares in issue (three months ended 30 September 2019: 270,000,000 shares) during the three months ended 30 September 2020.

The calculation of basic earnings per share is based on the profit for the nine months ended 30 September 2020 of RMB4,201,511 (profit for the nine months ended 30 September 2019: RMB13,440,066) and the weighted average of 270,000,000 ordinary shares (nine months ended 30 September 2019: 270,000,000 shares) in issue during the nine months ended 30 September 2020.

(b) Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the three months and nine months ended 30 September 2020 and 2019, and hence the diluted earnings per share are the same as basic earnings per share.

7 Dividends

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

	Nine months ended	
	30 September	
	2020	2019
	RMB	RMB
Final dividend in respect of the previous financial year, approved and paid during the following interim period (nine months ended 30 September 2019: HKD2.1 cents)	N/A	4,988,693

8 Unaudited Condensed Consolidated Statement of Changes in Equity For the nine months ended 30 September 2020

	Attributable to equity shareholders of the Company						
	Share capital RMB	Share premium RMB	Capital reserve RMB	Surplus reserve RMB	Exchange reserve RMB	Retained profits RMB	Total equity RMB
Balance at 1 January 2019	2,301,857	238,097,760	(6,640,176)	6,474,393	1,660,662	28,410,507	270,305,003
Changes in equity for the nine months ended 30 September 2019:							
Profit for the period	-	-	-	-	-	13,440,066	13,440,066
Other comprehensive income	-	-	-	-	(249,466)	-	(249,466)
Total comprehensive income for the period	-	-	-	-	(249,466)	13,440,066	13,190,600
Dividends approved in respect of the previous year	-	-	-	-	-	(4,988,693)	(4,988,693)
Balance at 30 September 2019	2,301,857	238,097,760	(6,640,176)	6,474,393	1,411,196	36,861,880	278,506,910
Balance at 1 January 2020	2,301,857	238,097,760	(6,640,176)	8,530,358	1,445,388	40,523,672	284,258,859
Changes in equity for the nine months ended 30 September 2020:							
Profit for the period	-	-	-	-	-	4,201,511	4,201,511
Other comprehensive income	-	-	-	-	100,423	-	100,423
Total comprehensive income for the period	-	-	-	-	100,423	4,201,511	4,301,934
Balance at 30 September 2020	2,301,857	238,097,760	(6,640,176)	8,530,358	1,545,811	44,725,183	288,560,793