

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

Third Quarterly Report  
**2021**

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8525

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

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*This report, for which the directors (the "**Directors**") of Baiying Holdings Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company and its subsidiaries (together, the "**Group**", "**we**" or "**our**"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Overview

We are a finance leasing company in Fujian province, which is mainly engaged in the provision of customized equipment financing solutions through Xiamen Baiying Leasing Co., Ltd.\* (廈門百應融資租賃有限責任公司) ("**Xiamen Byleasing**") to customers, and a few of commercial factoring services through Shanghai Byleasing Commercial Factoring Co., Ltd.\* (上海百應商業保理有限責任公司) ("**Shanghai Byleasing**"). Our customers are mainly small and medium-sized enterprises, entrepreneurial individuals and reputable large enterprises. The Company keeps developing the finance leasing business and factoring business and also looking for opportunities to expand into other areas of businesses. We established Fujian Yongchun Qiaoxin Vinegar Co., Ltd.\* (福建永春僑新老醋有限責任公司) ("**Qiaoxin**"), a vinegar factory in April 2020 and Fujian Baiying Paper Co., Ltd.\* (福建百應紙業有限公司) ("**Fujian Baiying Paper**"), a packaging and paper product trading company at the beginning of 2021 to provide a bridge between customers who need paper products and paper production companies. The recent soaring global paper prices, the impact of the epidemic and the vigorous development of the e-commerce industry have also led to an increase in market demand for high-quality packaging paper materials. We believe that Fujian Baiying Paper will bring certain benefits to the Group. In recent years, our business has become more diversified, but these new businesses will not affect our main business. The financial leasing business is still the foundation of the Group.

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

## **Financial Services**

### **Finance leasing services**

We primarily offered two types of finance leasing services, namely, direct finance leasing and sale-leaseback, to our customers. Revenue from finance leasing services was RMB14.5 million, accounting for 58.5% of our total revenue for the nine months ended 30 September 2021.

### **Factoring services**

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

### **Advisory services**

We also provide advisory services with regard to project coordination, contract drafting and negotiation, project management, project financing and its compliance with relevant regulatory requirements. Our revenue from advisory services was RMB0.2 million, accounting for 0.9% of our total revenue for the nine months ended 30 September 2021. Such revenue came from one advisory service agreement, which we entered into with one of our customers, involving a construction project, with a total investment of approximately RMB1,142 million. We charged 1% of the project progress payment which our customers received for our advisory services.

## **Packaging and Paper Product Trading**

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

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

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

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

## **Financial Overview**

### **Results of Operations**

#### **Revenue**

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

#### **Other net income**

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

#### **Interest expense**

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

### **Operating expenses**

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

### **Impairment losses charged**

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

### **Income tax credit/(expense)**

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

### **(Loss)/profit for the period**

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

### **Material Investments, Acquisition and Disposals**

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

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

### **Prospects**

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



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

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

## 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 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 2021, 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 2021, the Company has no outstanding share option under the Share Option Scheme.

### **Dividend**

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2021.

### **Competing Interests**

During the Reporting Period, none of the Directors or the controlling shareholders 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 2021, 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 2021, 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	22,781,250 Shares (L)	8.44%

## Notes:

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

Save as disclosed above, as at 30 September 2021, 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 2021, 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 <sup>(3)</sup>
Septwolves Holdings Limited	Beneficial owner	118,968,750 Shares (L)	44.06%
Mr. Zhou Yongwei <sup>(2)</sup>	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 <sup>(3)</sup>	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 <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**”), 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% 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 2021, 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 2021 (Expressed in Renminbi ("RMB"))

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
Interest income		4,867,251	8,578,577	16,379,625	24,031,207
Advisory fee income		–	69,948	235,849	776,278
Sales of packaging and paper product		4,816,017	–	8,258,636	–
<b>Revenue</b>	3	<b>9,683,268</b>	8,648,525	<b>24,874,110</b>	24,807,485
Other net income		3,548,787	485,106	4,262,437	1,582,799
Cost of packaging and paper product		(4,693,464)	–	(8,063,226)	–
Net (loss)/gain from financial assets at fair value through profit or loss		(758,363)	1,791,742	(2,788,917)	1,835,430
Interest expense		(1,212,765)	(1,900,538)	(3,472,548)	(5,452,843)
Operating expense		(3,460,901)	(2,785,914)	(8,949,330)	(10,098,437)
Impairment losses (charged)/written back		(6,917,459)	1,431,613	(8,182,008)	(6,607,521)
Sales expense		(21,949)	–	(21,949)	–
<b>(Loss)/Profit before taxation</b>	4	<b>(3,832,846)</b>	7,670,534	<b>(2,341,431)</b>	6,066,913
Income tax credit/(expense)	5	942,400	(2,004,252)	610,589	(1,865,402)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
For the three months and nine months ended 30 September 2021 (Expressed in Renminbi ("RMB"))

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021 RMB (Unaudited)	2020 RMB (Unaudited)	2021 RMB (Unaudited)	2020 RMB (Unaudited)
<b>(Loss)/Profit for the period</b>		<b>(2,890,446)</b>	5,666,282	<b>(1,730,842)</b>	4,201,511
<b>Attributable to:</b>					
Equity shareholders of the Company		<b>(2,895,062)</b>	5,666,282	<b>(1,758,012)</b>	4,201,511
Non-controlling interests		<b>4,616</b>	–	<b>27,170</b>	–
<b>(Loss)/Profit for the period</b>		<b>(2,890,446)</b>	5,666,282	<b>(1,730,842)</b>	4,201,511
<b>(Loss)/Earnings per share</b>					
Basic and diluted (RMB cents)	6	<b>(1.1)</b>	2.1	<b>(0.7)</b>	1.6

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

For the three months and nine months ended 30 September 2021 (Expressed in Renminbi)

	Three months ended		Nine months ended	
	30 September	2020	30 September	2020
	2021	2020	2021	2020
	RMB	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>(Loss)/Profit for the period</b>	<b>(2,890,446)</b>	5,666,282	<b>(1,730,842)</b>	4,201,511
<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>(30,842)</b>	187,854	<b>(10,403)</b>	100,423
<b>Total comprehensive income for the period</b>	<b>(2,921,288)</b>	5,854,136	<b>(1,741,245)</b>	4,301,934
<b>Attributable to:</b>				
Equity shareholders of the Company	<b>(2,925,904)</b>	5,854,136	<b>(1,768,415)</b>	4,301,934
Non-controlling interests	<b>4,616</b>	–	<b>27,170</b>	–
<b>Total comprehensive income for the period</b>	<b>(2,921,288)</b>	5,854,136	<b>(1,741,245)</b>	4,301,934

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

## 1 General Information

The Company was incorporated in the Cayman Islands under the Companies Law, Cap.22 (Law 3 of 1961, as combined and revised) of the Cayman Islands as an exempted company with limited liability on 5 June 2017.

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

## 2 Basis of preparation

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

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements.

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

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

### 3 Revenue and segment reporting

#### (a) Disaggregation of revenue

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

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

Note:

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

### 3 Revenue and segment reporting (continued)

#### (b) Segment reporting

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

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

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

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

##### **(i) Segment results, assets and liabilities**

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

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

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

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

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



### 3 Revenue and segment reporting (continued)

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

##### (i) Segment results, assets and liabilities (continued)

For the nine months ended 30 September 2021	Financial services RMB	Packaging and paper product trading RMB	Total RMB
<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 product	-	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>

### 3 Revenue and segment reporting (continued)

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

##### (i) Segment results, assets and liabilities (continued)

For the nine months ended 30 September 2021	Financial services RMB	Packaging and paper product trading RMB	Total RMB
Other net income	4,256,739	5,698	4,262,437
Cost of packaging and paper product	-	(8,063,226)	(8,063,226)
Net (loss)/gain from financial assets at fair value through profit or loss	(2,796,980)	8,063	(2,788,917)
Interest expense	(3,472,548)	-	(3,472,548)
Operating expense	(8,914,940)	(34,390)	(8,949,330)
Impairment losses charged	(8,109,949)	(72,059)	(8,182,008)
Sales expense	-	(21,949)	(21,949)
<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)/Profit before taxation

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

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

## 5 Income tax in the consolidated statements of profit or loss

Taxation in the consolidated statements of profit or loss:

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

Notes:

- (i) Pursuant to the rules and regulation of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI, respectively.
- (ii) No provision for Hong Kong Profits Tax has been made for the Company and Byleasing Capital Limited (“Byleasing Capital”) as the Company and Byleasing Capital had not derived any income subject to Hong Kong Profits Tax during the period.

## 6 (Loss)/Earnings per share

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the three months ended 30 September 2021 of RMB2,895,062 (profit for the three months ended 30 September 2020: RMB5,666,282) and the weighted average of 270,000,000 ordinary shares in issue (three months ended 30 September 2020: 270,000,000 shares) during the three months ended 30 September 2021.

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

### (b) Diluted (loss)/earnings per share

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

## 7 Dividends

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

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

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

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Surplus reserve	Exchange reserve	Retained profits	Total		
	RMB	RMB	RMB	RMB	RMB	RMB	RMB		
<b>Balance at 1 January 2020</b>	2,301,857	238,097,760	(6,640,176)	8,530,358	1,445,388	40,523,672	284,258,859	-	284,258,859
<b>Changes in equity for the nine months ended 30 September 2020:</b>									
Profit for the period	-	-	-	-	-	4,201,511	4,201,511	-	4,201,511
Other comprehensive income	-	-	-	-	100,423	-	100,423	-	100,423
Total comprehensive income	-	-	-	-	100,423	4,201,511	4,301,934	-	4,301,934
<b>Balance at 30 September 2020</b>	2,301,857	238,097,760	(6,640,176)	8,530,358	1,545,811	44,725,183	288,560,793	-	288,560,793
<b>Balance at 1 January 2021</b>	<b>2,301,857</b>	<b>238,097,760</b>	<b>(6,640,176)</b>	<b>9,364,503</b>	<b>1,767,787</b>	<b>46,017,669</b>	<b>290,909,400</b>	<b>-</b>	<b>290,909,400</b>
<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)
Total comprehensive income	-	-	-	-	(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>	<b>2,301,857</b>	<b>238,097,760</b>	<b>(6,640,176)</b>	<b>9,364,503</b>	<b>1,757,384</b>	<b>39,783,435</b>	<b>284,664,763</b>	<b>2,277,170</b>	<b>286,941,933</b>