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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)**

### **DECISION OF THE GEM LISTING COMMITTEE**

This announcement is made by Baiying Holdings Group Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 10 July 2023 (the “**Announcement**”) in respect of, amongst other things, the decision of the Listing Division of the Stock Exchange (the “**Listing Division**”) that the Company had failed to maintain a sufficient level of operations and assets as required under Rule 17.26 of the GEM Listing Rules (the “**LD Decision**”), and the announcement of the Company dated 18 July 2023 in relation to the request of the Company for a review by the GEM Listing Committee of the Stock Exchange (the “**Committee**”) of the LD Decision, respectively. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

### **DECISION OF THE COMMITTEE**

The Board wishes to inform the Shareholders and Potential Investors of the Company that the review hearing of the LD Decision by the Committee (the “**Review Hearing**”) was held on 26 September 2023. On 25 October 2023, the Company received a letter from the Stock Exchange (the “**Decision letter**”) notifying the Company that the Committee, having considered all submissions (both written and oral) made by the Company and the Listing Division, was of the view that the Company failed to maintain a sufficient level of operations and assets as required under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the shares of the Company (the “**Shares**”) and decided to uphold the LD Decision to suspend trading in the Shares under Rule 9.04(3) of the GEM Listing Rules (the “**GLC Decision**”).

### **REASONS FOR THE GLC DECISION**

According to the Decision Letter, the Committee arrived at the GLC Decision for the following reasons:

## **On operation**

1. The Committee was of the view that the Company did not have a business that was of substance, viable and sustainable.

### **(I) Financial Services Business**

2. The Financial Services Business, which was the Company's IPO business, has reduced its operational scale significantly since 2021. The segment revenue decreased from RMB79.0 million in 2018 to RMB14.4 million in 2022. It also recorded a segment loss in 2021 and 2022. For the six months ended 30 June 2023 ("**1H 2023**"), the Company continued to record minimal segment revenue of RMB4.3 million (unaudited). It was uncertain whether the Company would achieve the forecasted revenue of RMB11.5 million in the full year of 2023.
3. Although the Company expected the Financial Services Business would turnaround and generate segment profit from 2023 onwards, the Committee did not consider the Financial Services Business to be a business of substance, viable and sustainable for the following reasons:
  - (a) the Company expected the scale of the Financial Services Business would be maintained but that the revenue would gradually diminish to RMB10.7 million in 2025, based on the Company's forecast submitted on 18 August 2023 (the "**Forecast**"); and
  - (b) despite the Company's assertion that it would explore new business opportunities with a focus on different categories of customers, the Company did not provide any details of its business plan in this regard. It was unclear whether and how these opportunities could sustain and substantially improve the scale of operation of the Financial Services Business.

In short, the Company had not demonstrated that the Financial Services Business while being maintained at a minimal scale of operation as described above was viable and sustainable.

### **(II) Paper Trading Business**

4. The Paper Trading Business had a short operating history having only commenced in 2021. Although the Paper Trading Business generated revenue of RMB13.2 million in 2022 and RMB10.5 million (unaudited) in 1H 2023, it had been conducted on an indent basis without any value-added service provided by the Company and did not have any competitive edge in the industry. Further, the Paper Trading Business was operated by a few employees and had limited customers and a thin gross profit margin of 3% in 2022 which was expected to remain low at approximately 2.6% under the Forecast.

5. Further, although the Paper Trading Business was forecast to achieve a breakeven in 2023, it was expected to generate minimal segment profit of less than RMB0.2 million in 2024 and 2025, which in any event, was insignificant to improve the Company's overall financial performance and scale of operations.

### **(III) Vinegar Business**

6. The Vinegar Business was commenced in 2022 and had a very short operating history. Its operation is in early stage, with RMB0.6 million of revenue and suffered a segment loss of RMB11.1 million in 2022, and similarly generated only RMB2.1 million of revenue (unaudited) and suffered a segment loss of RMB8.8 million (unaudited) in 1H 2023. It was uncertain whether the forecast revenue of RMB7.6 million for the full year of 2023 could be achieved.
7. With the majority of the preparation work of the vinegar factory claiming to have recently been completed, the Company asserted that the revenue of this business could increase significantly from 2024 by expanding the sales channels and through the support of funding from the controlling shareholder. However, the forecast increase of revenue from RMB7.6 million in 2023 to RMB61.2 million in 2025 was not supported by any signed contracts or evidence of customer demand. Even if the forecast revenue were achieved, the business would still record a segment loss in 2023, a breakeven result in 2024 and profit of only around RMB5.0 million in 2025. It was accordingly unclear whether and how this would substantially improve the Company's financial performance.
8. Further, even with the expanded sales channels (including the addition of five more distributors and 160 more retail stores as compared to 2022), the Company had not demonstrated that it had a concrete and credible business plan as to how the Company would utilise these sales channels to meet the revenue forecasts and/or develop this business to ensure its viability and sustainability.

### **(IV) New Energy Machinery Business**

9. The Company submitted, for the first time, at the Review Hearing that it had commenced a new business through the proposed acquisition of a 30% equity interest in a company engaged in the new energy machinery business (the "**Acquisition**"), which was expected to be completed in October 2023. Neither the business plan nor details of the Acquisition and the expected revenue generated from this business were included in its written submission dated 18 August 2023 or the Forecast. At the Review Hearing, the Company did not provide concrete details on the business model, its plans to expand, or information on the relevant experience/expertise of its director/senior management in the business. It was unclear whether the Acquisition would be completed, and whether and how the business would substantially improve the Company's financial performance or scale of operation. The Company failed to demonstrate that the business was of substance, viable and sustainable.

## **On assets**

10. Given the above, the Company did not appear to have a viable and sustainable business. Further, based on the Company's 2023 interim results, the cash balance only amounted to RMB1.7 million as of 30 June 2023. The Committee was accordingly also not satisfied that the Company had sufficient assets to meet Rule 17.26 of the GEM Listing Rules.
11. In conclusion, the Committee considered that the Company failed to maintain a sufficient level of operations and assets of sufficient value as required under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of its shares.

## **RIGHT TO REVIEW THE GLC DECISION**

Under Rule 4.06(2) of the GEM Listing Rules, the Company has the right to have the GLC Decision referred to the GEM Listing Review Committee (the “**GEM Listing Review Committee**”) of the Stock Exchange for review. The Company may request that the GLC Decision be reviewed by the GEM Listing Review Committee within seven business days from the date of the GLC Decision (i.e., on or before 3 November 2023). The trading in the Shares will be suspended from 9:00 a.m. on 6 November 2023 (i.e., after the expiry of seven business days from the date of the GLC Decision), unless the Company applies for a review of the GLC Decision. Prior to that, trading in the Shares will continue.

The Company is in the process of reviewing the GLC Decision and is discussing the same internally and with the professional advisers, and will consider whether to lodge a request for the GLC Decision to be referred to the GEM Listing Review Committee for review.

Further announcement(s) will be made by the Company regarding any material developments on the further review as and when appropriate and in accordance with the requirements of the GEM Listing Rules. The Board would like to remind the Shareholders and Potential Investors that the outcome of such further review is uncertain.

**Shareholders and Potential Investors who have any queries about the implications of the GLC Decision are advised to obtain appropriate professional advice. Shareholders and Potential Investors are advised to exercise caution when dealing in the Shares.**

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

Fujian Province, the PRC, 26 October 2023

*As of 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. Xie Mianbi and Mr. Tu Liandong.*

*This announcement, for which 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.*

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