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Baiying Holdings Group Limited

百應控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8525)

DISCLOSEABLE TRANSACTION IN RELATION TO THE FINANCE LEASE AGREEMENT

FINANCE LEASE AGREEMENT WITH FUXIN REAL ESTATE

On 11 January 2024 (after market close), the Purchaser entered into a sale-leaseback transaction with Fuxin Real Estate under the Finance Lease Agreement. Pursuant to the Finance Lease Agreement, the Purchaser would purchase from Fuxin Real Estate the Leaseback Assets at the Consideration of RMB21,000,000 (equivalent to approximately HK\$22,933,000), and lease to Fuxin Real Estate the Leaseback Assets for a term of 36 months in return for the Lease Payments.

IMPLICATIONS UNDER THE GEM LISTING RULES

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

INTRODUCTION

On 11 January 2024 (after market close), the Purchaser entered into a sale-leaseback transaction with Fuxin Real Estate under the Finance Lease Agreement. Pursuant to the Finance Lease Agreement, the Purchaser would purchase from Fuxin Real Estate the Leaseback Assets at the Consideration of RMB21,000,000 (equivalent to approximately HK\$22,933,000), and lease to Fuxin Real Estate the Leaseback Assets for a term of 36 months in return for the Lease Payments.

FINANCE LEASE AGREEMENT

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

Date: 11 January 2024

Parties: (1) The Purchaser (the lessor)
(2) Fuxin Real Estate (the lessee)

Assets acquired: The Leaseback Assets are approximately 231,000 tonnes of different types of plate-buckle scaffolding and their components.

Consideration: The Consideration for the purchase of the Leaseback Assets is RMB21,000,000 (equivalent to approximately HK\$22,933,000).

The Consideration payable by the Purchaser was based on the original purchase prices payable by Fuxin Real Estate for the purchase of the Leaseback Assets as evidenced by the invoices issued by relevant vendors and the valuation report issued by qualified evaluation institution. In determining the amount of the Consideration, the Purchaser has made reference to the original purchase prices of the Leaseback Assets, and determined the amount through arm's length negotiation with Fuxin Real Estate.

Payment of Consideration: Subject to the fulfilment of certain conditions, including, among others, the receipt by the Purchaser from Fuxin Real Estate of (i) the proof documents in respect of the pledge under the Finance Lease Agreement (if any); (ii) evidence of due payments of management fee, security deposit and other fees under the Finance Lease Agreement; and (iii) Fuxin Real Estate's declaration that no encumbrance has been created in respect of the Leaseback Assets, the Purchaser shall pay to Fuxin Real Estate the Consideration within 7 business days after the fulfilment of the aforesaid conditions.

The Consideration will be financed by the Group's internal resources.

Ownership of the Leaseback Assets:	The Purchaser will be entitled to the Leaseback Assets upon the signing of the Finance Lease Agreement.
Lease term:	The Leaseback Assets leased from the Purchaser to Fuxin Real Estate for a term of 36 months commencing from 12 January 2024.
Lease Payments:	<p>The aggregate Lease Payments for the entire lease term is RMB25,363,828 (equivalent to approximately HK\$27,699,000).</p> <p>The Lease Payments shall be payable by Fuxin Real Estate by 36 monthly instalments commencing from 12 February 2024. The first to the thirty-fifth instalments shall be RMB676,773 (equivalent to approximately HK\$739,000) and the thirty-sixth instalment shall be RMB1,676,773 (equivalent to approximately HK\$1,831,000).</p> <p>The aggregate Lease Payments for the entire lease term was based on the Consideration plus the total amount of interest agreed to be charged by the Purchaser to Fuxin Real Estate for the entire lease term.</p> <p>The interest rate for the sale-leaseback transaction under the Finance Lease Agreement is 12.2% per annum. The interest rate was determined by the Purchaser and Fuxin Real Estate through arm's length negotiation, and in determining the interest rate, the Purchaser has taken into account the prevailing bank lending rate, creditability of Fuxin Real Estate with reference to its credit track record, as well as the interest rate payable by companies comparable to Fuxin Real Estate.</p>
Management fee:	The management fee in respect of the Finance Lease Agreement was RMB20,000 (equivalent to approximately HK\$21,841). Such management fee was determined by the Purchaser and Fuxin Real Estate through arm's length negotiation with reference to the prevailing market rates for management fees in respect of finance leases for similar assets.

Security deposit:	A security deposit of RMB1,000,000 (equivalent to approximately HK\$1,092,000) shall be payable by Fuxin Real Estate to secure the performance of its obligations under the Finance Lease Agreement. In addition, the Purchaser may (i) apply the security deposit to settle the final outstanding amount of the Lease Payment; (ii) pay it back to Fuxin Real Estate without interest after Fuxin Real Estate has fully discharged its payment obligation under the Finance Lease Agreement; or (iii) apply the security deposit to offset the amount of consideration for the early buyback of the Leaseback Assets by Fuxin Real Estate provided that Fuxin Real Estate has fulfilled its obligations under the Finance Lease Agreement and there is no default on the part of Fuxin Real Estate (or has there been any default, such default has been cured and the default payments have been duly made).
Default payment:	If Fuxin Real Estate fails to pay any amount of the Lease Payments due or any other amount payable under the Finance Lease Agreement, Fuxin Real Estate shall make default payment from the payment due date, which is equivalent to the product of (i) the amount of late payment; (ii) a daily default rate of 0.13%; and (iii) the number of days from the payment due date to the full settlement date.
Retention consideration:	Subject to the fulfilment of all of Fuxin Real Estate's obligations under the Finance Lease Agreement and the payment of the last instalment for the Lease Payments, Fuxin Real Estate may purchase the Leaseback Assets from the Purchaser upon the retention payment at the consideration of RMB100 (equivalent to approximately HK\$109).
Early buyback by Fuxin Real Estate:	The Purchaser has agreed that Fuxin Real Estate may repurchase the Leaseback Assets before the date on which the final instalment shall be payable, provided that (i) there is no default on the part of Fuxin Real Estate (or has there been any default, such default has been cured and the default payments have been duly made); (ii) Fuxin Real Estate gives the Purchaser a 10-day prior written notice of the proposed early buyback; and (iii) the Purchaser has issued a consent in writing to the proposed buyback by Fuxin Real Estate.

The Purchaser has agreed to transfer the ownership of the Leaseback Assets to Fuxin Real Estate, provided that Fuxin Real Estate has paid to the Purchaser in full the following sums as of the date of purchase to be agreed among the parties: (i) all the default payments and the lease payment for the month in which the early buyback takes place; (ii) the outstanding principal to be paid; (iii) the compensation payment representing 1% of the outstanding principal; and (iv) the retention consideration of RMB100 (equivalent to approximately HK\$109).

Events of default:

The Purchaser may take one or more of the following measures: (i) terminate the Finance Lease Agreement, take possession and dispose of the Leaseback Assets and claim the compensation from Fuxin Real Estate; (ii) declare that the outstanding Lease Payments, other amounts payable by Fuxin Real Estate and the default payment shall be immediately payable by Fuxin Real Estate; (iii) claim against Fuxin Real Estate any fee arising as a result of enforcing or defending the Purchaser's right under the Finance Lease Agreement; and (iv) seek other relief as permitted by the law, upon the occurrence of certain triggering events, including, among others, the failure to pay on time any instalment of the Lease Payments or any other amount payable by Fuxin Real Estate in full or the failure of Fuxin Real Estate to perform any other duties and obligations under the Finance Lease Agreement and such failure has not been cured within 7 days after the written notification from the Purchaser to Fuxin Real Estate.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Purchaser is primarily engaged in finance leasing business, leasing trading consultancy and guarantee and factoring services in the PRC. It is expected that the Finance Lease Agreement will enable the Group to earn an aggregate income of approximately RMB4,383,928 (equivalent to approximately HK\$4,788,000).

Given that the Finance Lease Agreement was entered into in the ordinary and usual course of business of the Purchaser and was agreed between the Purchaser and Fuxin Real Estate on the normal commercial terms, the Directors are of the view that the terms of the Finance Lease Agreement is fair and reasonable and is in the interests of the Group and the Shareholders as a whole.

INFORMATION ON THE CREDIT ASSESSMENT IN RESPECT OF FINANCE LEASE AGREEMENT

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

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the provision of (i) equipment based financing solutions and factoring services to customers, (ii) packaging and paper products trading and (iii) manufacture and sales of vinegar and other condiment products in the PRC.

INFORMATION ABOUT THE PURCHASER

The Purchaser is a company established in the PRC and principally engaged in finance leasing business, leasing business, leasing trading consultancy and guarantee and factoring services in the PRC.

INFORMATION ABOUT FUXIN REAL ESTATE

Fuxin Real Estate, the lessee under the Finance Lease Agreement, is a company established in the PRC with limited liability, which is principally engaged real estate development. Fuxin Real Estate is owned as to 51% by Lin Xiaoyun (林曉雲) and as to 49% by Ding Sifu (丁思富).

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

IMPLICATIONS UNDER THE GEM LISTING RULES

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DEFINITIONS

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

“Board”	the board of Directors
“Company”	Baiying Holdings Group Limited (百應控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 5 June 2017, the Shares of which are listed on GEM (stock code: 8525)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration for the purchase of the Leaseback Assets, being RMB21,000,000 (equivalent to approximately HK\$22,933,000)
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement”	the finance lease agreement dated 11 January 2024, after market close, entered into between the Purchaser and Fuxin Real Estate in respect of a sale-leaseback transaction
“Fuxin Real Estate”	Fujian Fuxin Real Estate Co., Ltd.* (福建富鑫置業有限公司)
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries as of the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	the third party independent of and not connected with (within the meaning of the GEM Listing Rules) any Directors, chief executive of the Company or substantial Shareholders, its subsidiaries and their respective associates

“Lease Payments”	the aggregate lease payments under the Finance Lease Agreement which amounts to RMB25,363,828 (equivalent to approximately HK\$27,699,000)
“Leaseback Assets”	231,000 tonnes of different types of plate-buckle scaffolding and their components, being the leaseback assets under the Finance Lease Agreement
“PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“Purchaser”	Xiamen Baiying Leasing Co., Ltd.* (廈門百應融資租賃有限責任公司), a company established in the PRC principally engaged in finance leasing business, leasing business, leasing trading consultancy and guarantee and factoring services in the PRC, an indirectly wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

* *For identification purpose only*

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

Fujian Province, the PRC, 11 January 2024

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.

For the purpose of this announcement, translations of RMB into HK\$ or vice versa have been calculated by using an exchange rate of RMB0.9157 equal to HK\$1.00. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

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