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Byleasing Holdings Limited
百應租賃控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8525)

**UNAUDITED THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG
LIMITED (THE “EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Byleasing Holdings 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 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 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.*

THIRD QUARTERLY RESULTS

The board (the “**Board**”) of Directors is pleased to announce the unaudited third quarterly results (the “**Third Quarterly Results**”) of the Group for the nine months ended 30 September 2018 (the “**Reporting Period**”), together with the comparative unaudited figures for the corresponding period in 2017, prepared in accordance with the Hong Kong Financial Reporting Standards (the “**HKFRSs**”) promulgated by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules. All amounts set out in this announcement are expressed in Renminbi (“**RMB**”) unless otherwise indicated.

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 30 September 2018

	Note	Three months ended 30 September		Nine months ended 30 September	
		2018 RMB (Unaudited)	2017 RMB (Unaudited)	2018 RMB (Unaudited)	2017 RMB (Unaudited)
Interest income		17,911,743	14,993,516	56,452,471	36,318,983
Advisory fee income		582,738	1,233,019	2,957,078	1,466,981
Revenue	3	18,494,481	16,226,535	59,409,549	37,785,964
Other net income		520,909	298,536	1,136,040	1,847,045
Interest expense		(6,149,781)	(4,248,305)	(19,061,093)	(12,397,283)
Operating expense		(5,585,640)	(5,119,900)	(16,264,219)	(11,067,475)
Impairment losses charged		(1,469,391)	(1,702,642)	(2,990,382)	(609,830)
Profit before taxation	4	5,810,578	5,454,224	22,229,895	15,558,421
Income tax expense	5	(1,733,605)	(1,116,336)	(5,636,802)	(3,669,908)
Profit for the period		4,076,973	4,337,888	16,593,093	11,888,513
Attributable to:					
Equity shareholders of the Company		4,076,973	4,337,888	16,593,093	11,888,513
Profit for the period		4,076,973	4,337,888	16,593,093	11,888,513
Earnings per share					
Basic and diluted (<i>RMB cents</i>)	6	1.6	2.1	7.5	5.9

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2018

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	RMB	<i>RMB</i>	RMB	<i>RMB</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	4,076,973	4,337,888	16,593,093	11,888,513
Other comprehensive income for the period (after tax):				
<i>Item that may be classified subsequently to profit or loss</i>				
– Exchange differences on translation of financial statements of operations outside the mainland China	<u>1,644,578</u>	<u>–</u>	<u>1,728,830</u>	<u>–</u>
Total comprehensive income for the period	<u>5,721,551</u>	<u>4,337,888</u>	<u>18,321,923</u>	<u>11,888,513</u>
Attributable to:				
Equity shareholders of the Company	<u>5,721,551</u>	<u>4,337,888</u>	<u>18,321,923</u>	<u>11,888,513</u>
Total comprehensive income for the period	<u>5,721,551</u>	<u>4,337,888</u>	<u>18,321,923</u>	<u>11,888,513</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

The Company is an investment holding. The Group is principally engaged in providing equipment-based financing solutions, factoring services and value-added advisory services to customers. 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 (the "**Shares**") have been listed on GEM of the Exchange since 18 July 2018 (the "**Listing**").

In preparation for the Listing, the Company and other companies now comprising the Group had undergone a reorganisation (the "**Reorganisation**"), pursuant to which the Company became the holding company of the companies now comprising the Group on 16 November 2017.

As the Reorganisation only involved inserting the Company, Byleasing Capital Limited ("**Byleasing Capital**") and Hong Kong Septwolves Group Financial Holding Co., Limited, and did not change the substance of the business and operations of Xiamen Baiying Leasing Co., Ltd. ("**Xiamen Byleasing**") and its subsidiary, the Reorganisation has been accounted for using a principle similar to that for a reverse acquisition, with Xiamen Byleasing treated as the acquirer for accounting purposes.

2 BASIS OF PREPARATION

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

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2018 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 accountants' report set out in Appendix I to the prospectus of the Company dated 30 June 2018 (the "**Accountants' Report**"), except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements.

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 People’s Republic of China (the “PRC”).

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

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income from				
Finance leases	17,911,743	13,828,344	56,323,156	34,534,003
Factoring	–	127,747	129,315	359,978
Entrusted loans	–	1,037,425	–	1,425,002
	<u>17,911,743</u>	<u>14,993,516</u>	<u>56,452,471</u>	<u>36,318,983</u>
Advisory fee income	<u>582,738</u>	<u>1,233,019</u>	<u>2,957,078</u>	<u>1,466,981</u>
	18,494,481	16,226,535	59,409,549	37,785,964

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(a) Staff cost				
Contributions to defined contribution retirement plan	48,493	46,638	185,443	122,880
Salaries, wages and other benefits	1,228,543	1,482,848	4,164,722	3,738,393
Subtotal	<u>1,277,036</u>	<u>1,529,486</u>	<u>4,350,165</u>	<u>3,861,273</u>
(b) Other items				
Depreciation	18,283	21,898	50,513	114,224
Amortisation	10,370	21,609	35,348	121,915
Listing expenses	2,249,578	3,050,604	8,187,892	5,074,224
Auditors' remuneration	283,019	–	283,019	16,505
Legal expenses	28,585	–	105,094	106,852
Operating lease charges in respect of properties	<u>217,500</u>	<u>217,500</u>	<u>702,660</u>	<u>652,500</u>

The calculation of basic earnings per share is based on the profit for the three months ended 30 September 2018 of RMB4,076,973 (2017: RMB4,337,888) and the weighted average of 257,390,110 ordinary Shares in issue (2017: 202,500,000 Shares in issue, after adjusting for the capitalisation issue in July 2018) during the three months ended 30 September 2018.

The calculation of basic earnings per share is based on the profit for the nine months ended 30 September 2018 of RMB16,593,093 (2017: RMB11,888,513) and the weighted average of 220,863,971 ordinary Shares in issue (2017: 202,500,000 Shares in issue, after adjusting for the capitalisation issue in July 2018) during the nine months ended 30 September 2018.

Diluted earnings per share

There were no potential dilutive ordinary Shares outstanding during the three months and nine months ended 30 September 2018 and 2017, and hence the diluted earnings per share are the same as basic earnings per share.

7 DIVIDENDS

No dividends had been paid to the equity shareholders of companies now comprising the Group during the nine months ended 30 September 2018 (nine months ended 30 September 2017: nil).

8 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Equity 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 2017 (audited)	132,000,000	-	112,758	4,120,656	-	24,240,587	160,474,001
Total comprehensive income for the period	-	-	-	-	-	11,888,513	11,888,513
Appropriation to statutory reserve	-	-	-	50,000	-	(50,000)	-
Balance at 30 September 2017 (unaudited)	<u>132,000,000</u>	<u>-</u>	<u>112,758</u>	<u>4,170,656</u>	<u>-</u>	<u>36,079,100</u>	<u>172,362,514</u>
Balance at 31 December 2017 as originally presented (audited)	169	176,074,003	(6,640,176)	6,272,270	(13,015)	6,778,309	182,471,560
Impact on initial application of HKFRS 9	-	-	-	-	-	(1,346,660)	(1,346,660)
Adjusted balance at 1 January 2018	169	176,074,003	(6,640,176)	6,272,270	(13,015)	5,431,649	181,124,900
Total comprehensive income for the period	-	-	-	-	1,728,830	16,593,093	18,321,923
Transactions with owners:							
Issuance of Shares by share offer	575,465	63,749,980	-	-	-	-	64,325,445
Capitalisation issue	1,726,223	(1,726,223)	-	-	-	-	-
Balance at 30 September 2018 (unaudited)	<u>2,301,857</u>	<u>238,097,760</u>	<u>(6,640,176)</u>	<u>6,272,270</u>	<u>1,715,815</u>	<u>22,024,742</u>	<u>263,772,268</u>

MANAGEMENT DISCUSSION AND ANALYSIS

We are a finance leasing company in Fujian province dedicated to providing equipment-based financing solutions to our customers. We provide customised 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.

Business Overview

The Shares were listed on GEM of the Exchange on 18 July 2018 (the “**Listing Date**”). Our business increased steadily. We served 125 customers in the PRC. For the nine months ended 30 September 2018, approximately RMB24.6 million of the proceeds from the Listing had been used for our project. We will continue to expand our finance leasing business and factoring business. Our revenue increased from RMB37.8 million for the nine months ended 30 September 2017 to RMB59.4 million for the nine months ended 30 September 2018. Our profit increased from RMB11.9 million for the nine months ended 30 September 2017 to RMB16.6 million for the nine months ended 30 September 2018.

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 RMB56.3 million and, accounting for 94.8% of our total revenue for the nine months ended 30 September 2018.

Factoring Services

Revenue from factoring services was RMB0.1 million, accounting for 0.2% of our total revenue for the nine months ended 30 September 2018. Factoring services are primarily used by our customers who need working capital to fund their business operations.

Entrusted Loans

For the nine months ended 30 September 2018, the revenue from entrusted loans was nil because (i) the entrusted loans were settled; and (ii) no new entrusted loan was engaged.

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 RMB3.0 million, accounting for 5.0% of our total revenue for the nine months ended 30 September 2018.

Financial Overview

Results of Operations

Revenue

Our revenue increased from RMB37.8 million for the nine months ended 30 September 2017 to RMB59.4 million for the nine months ended 30 September 2018 mainly due to the increase in average monthly balance of interest-generating of RMB178.6 million.

Other net income

Our other net income decreased from RMB1.8 million for the nine months ended 30 September 2017 to RMB1.1 million for the nine months ended 30 September 2018 primarily because (i) no loan had been provided to the related parties during the Reporting Period; and (ii) the decrease in interest income of RMB0.8 million for the same period of the last year, partially offset by the income from wealth management products of RMB0.5 million.

Interest expense

Our interest expense increased from RMB12.4 million for the nine months ended 30 September 2017 to RMB19.1 million for the nine months ended 30 September 2018 mainly due to (i) the increase in the interest rate of bank; and (ii) the increase in monthly loan balance. The increase in our interest expenses was generally in line with the increase in our interest income during the Reporting Period.

Operating expense

Our operating expense increased from RMB11.1 million for the nine months ended 30 September 2017 to RMB16.3 million for the nine months ended 30 September 2018 mainly due to (i) an increase in non-recurring listing expenses of RMB3.1 million; (ii) the increase in staff cost of RMB0.5 million; and (iii) the increase in city maintenance and construction tax and other fees of RMB0.6 million.

Impairment losses charged

Our impairment losses charged increased from RMB0.6 million for the nine months ended 30 September 2017 to RMB3.0 million for the nine months ended 30 September 2018 primarily because of the increase in impairment losses of RMB2.1 million as a result of a new arbitration of the default project.

Income tax expense

Our income tax expense increased from RMB3.7 million for the nine months ended 30 September 2017 to RMB5.6 million for the nine months ended 30 September 2018 primarily because of the increase in profit before tax of RMB6.7 million.

Profit for the period

Our profit increased from RMB11.9 million for the nine months ended 30 September 2017 to RMB16.6 million for the nine months ended 30 September 2018 mainly because of our revenue increased from RMB37.8 million for the nine months ended 30 September 2017 to RMB59.4 million for the nine months ended 30 September 2018.

PROSPECTS

Riding on the opportunities arising from the Listing, our Group enhances our marketing and brand awareness. While strengthens our footholds of the market in Fujian province, we also continue our expansion and channel construction of the market outside of Fujian province. By leveraging the increase opportunities of finance leasing industry in the PRC, we continue to expand our finance leasing business. Meanwhile, our Group will reinforce the connection with equipment suppliers and existing customers and maintain close relationship with them for customer referrals, so as to expand our factoring business in the PRC.

In selecting customers, we are striving to seek well-performed companies, including but not limited to listed companies, to strengthen our risk resistance capacity. We will improve our management efficiency by improving our new information system. As to human resource aspect, we will strengthen the introduction of talents and training of employees, aiming to improve the quality of employees. Due to the rapid development of service industry and strategic and new emerging industries, as well as a series of favorable policies to be implemented, we believe our business will continue to grow.

CORPORATE GOVERNANCE

Our Group recognises 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 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. From the Listing Date and up to the date of this announcement, the Company has fully complied with the Code Provisions.

AUDIT COMMITTEE

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 2018, together with this announcement 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 from the Listing Date and up to the date of this announcement.

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), advisors and consultants 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.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption. As of 30 September 2018, the Company has no outstanding share option under the Share Option Scheme.

DIVIDEND

The Board does not recommend any dividend for the nine months ended 30 September 2018.

COMPETING INTERESTS

During the Reporting Period and up to the date of this announcement, 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 to be its compliance adviser (“**Changjiang Corporate Finance**”). As advised by Changjiang Corporate Finance, as at the date of this announcement, neither Changjiang Corporate Finance nor any of its directors or employees or associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), 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 dated 15 December 2017.

PUBLICATION OF INFORMATION

The unaudited third quarterly results announcement and the unaudited third quarterly report are published on the websites of the Exchange (www.hkexnews.hk) and the Company (www.byleasing.com). The unaudited third quarterly report for the nine months ended 30 September 2018 containing all the information required by the GEM Listing Rules will be dispatched to shareholders of the Company in due course.

By order of the Board
Byleasing Holdings Limited
Zhou Shiyuan
Chairman

Hong Kong, 8 November 2018

As at the date of this announcement, the executive Directors are Mr. Zhou Shiyuan, Mr. Chen Xinwei and Mr. Huang Dake; the non-executive Director is Mr. Ke Jinding; and the independent non-executive Directors are Mr. Chen Chaolin, Mr. Tu Liandong and Mr. Xie Mianbi.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the Company’s website at www.byleasing.com.