

Baying Ecological Holding Group Inc.  
Form 10-Q  
November 19, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

QUARTERLY REPORT UNDER TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED **SEPTEMBER 30, 2014**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number **000-51974**

**BAYING ECOLOGICAL HOLDING GROUP, INC.**  
(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or  
organization)

**N/A**

(I.R.S. Employer Identification No.)

**850 Stephenson Highway, Suite 310, Troy, Michigan 90265**

(Address of principal executive offices) (Zip Code)

**(310) 887-6391**

(Registrant's telephone number, including area code)

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes " No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	..	Accelerated filer	..
Non-accelerated filer	..	Smaller reporting company	x

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes " No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 14, 2014
Common Stock, \$.001 par value per share	260,983

**BAYING ECOLOGICAL HOLDING GROUP, INC.**

**FORM 10-Q**

**FOR THE PERIOD ENDED SEPTEMBER 30, 2014**

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**Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995**

Information included in this Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). This information may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Baying Ecological Holding Group, Inc. (the “Company”), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” or “project” or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

**Baying Ecological Holding Group, Inc.**  
**Balance Sheets**

	<b>September 30, 2014</b>	<b>June 30, 2014</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ -	\$ -
<b>Total Current Assets</b>	<b>-</b>	<b>-</b>
<b>Other Assets</b>		
Interer in Oil and Gas Properties	-	-
	\$ -	\$ -
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accrued Expenses	\$ 9,485	\$ 9,485
<b>TOTAL CURRENT LIABILITIES</b>	<b>9,485</b>	<b>\$ 9,485</b>
 <b>STOCKHOLDERS' EQUITY</b>		
Common stock, par value \$0.001, Authorized - 75,000,000 \$0.001 par value common shares Issued 260,983 as of September 30, 2014 and as of June 30, 2014	261	261
Additional paid-in capital	778,630	774,630
Retained Earnings (Deficit)	(788,376)	(784,376)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>(9,485)</b>	<b>(9,485)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ -</b>	<b>\$ -</b>

See Accompanying Notes to Financial Statements

**Baying Ecological Holding Group, Inc.**  
**Statements of Operations**

	<b>Three Months ended</b>		<b>Cumulative from Date of Inception on April 11, 2005 to September 30, 2014</b>
	<b>September 30, 2014</b>	<b>September 30, 2013</b>	
<b>OPERATING EXPENSES</b>			
Regulatory and transfer agent fees	-	-	2,380
Management Fees	3,000	3,000	110,843
Professional Fees	-	-	276,023
Rent	1,000	1,000	71,243
Amortization	-	-	8,125
Impairment Charge	-	-	334,375
Bank Charges and Interest	-	-	783
Total Operating Expenses	4,000	4,000	803,772
Loss before other	(4,000)	(4,000)	(803,772)
OTHER	-	-	15,396
<b>NET INCOME (LOSS)</b>	<b>\$ (4,000)</b>	<b>\$ (4,000)</b>	<b>\$ (788,376)</b>
<b>NET INCOME (LOSS) PER SHARE</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES</b>	<b>260,983</b>	<b>160,950</b>	

See Accompanying Notes to Financial Statements

**Baying Ecological Holding Group, Inc.**  
**Statements of Stockholders' Equity**

	# of Shares	Par Value	Contributed Surplus	Retained Earnings	Total
<b>Shares Issued for Cash</b>	55,700	\$ 56	\$ 34,944	-	\$ 35,000
<b>Shares Issued for Franchise</b>	2,750	2	24,998		25,000
<b>Net Loss for year ended June 30, 2005</b>	-	-	-	(9,562)	(9,562)
<b>Balance June 30, 2005</b>	58,450	58	59,942	(9,562)	50,438
<b>Net Loss for year ended June 30, 2006</b>	-	-	-	(48,096)	(48,096)
<b>Balance June 30, 2006</b>	58,450	58	59,942	(57,658)	2,342
<b>Net Loss for year ended June 30, 2007</b>	-	-	-	(23,754)	(23,754)
<b>Balance June 30, 2007</b>	58,450	58	59,942	(81,412)	(21,412)
<b>Shares Issued for Cash</b>	1,250	1	249,999	-	250,000
<b>Shares Issued for Property</b>	1,587	2	317,498	-	317,500
<b>Net Loss for year ended June 30, 2008</b>	-	-	-	(189,550)	(189,550)
<b>Balance June 30, 2008</b>	61,287	61	627,439	(270,962)	356,538
<b>Buyback of Shares</b>	(337)	-	(50,000)	-	(50,000)
<b>Expenses forgiven to Contributed Surplus</b>	-	-	12,000	-	12,000
<b>Net Loss for year ended June 30, 2009</b>	-	-	-	(419,325)	(419,325)
<b>Balance June 30, 2009</b>	60,950	61	589,439	(690,287)	(100,787)
<b>Expenses forgiven to Contributed Surplus</b>	-	-	16,000	-	16,000
<b>Net Loss for year ended June 30, 2010</b>	-	-	-	(16,000)	(16,000)
<b>Balance June 30, 2010</b>	60,950	61	605,439	(706,287)	(100,787)
<b>Loan forgiven to Capital</b>			85,391		85,391
<b>Expenses forgiven to Contributed Surplus</b>			16,000		16,000
<b>Net Loss for year ended June 30, 2011</b>				(604)	(604)
<b>Balance June 30, 2011</b>	60,950	61	706,830	(706,891)	-
<b>Expenses charged to surplus</b>			16,000		16,000
				(16,000)	(16,000)

**Net Loss for the year ended June 30, 2012**

<b>Balance June 30, 2012</b>	<b>60,950</b>	<b>61</b>	<b>\$ 722,830</b>	<b>\$ (722,891)</b>	<b>-</b>
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<b>Shares issued for services</b>	100,000	100	25,900	16,000	10,000
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**Net Loss for year ended June 30, 2013**

				(35,485)	(35,485)
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<b>Balance June 30, 2013</b>	<b>160,950</b>	<b>\$ 161</b>	<b>\$ 748,730</b>	<b>\$ (758,376)</b>	<b>\$ (9,485)</b>
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<b>Shares issued for services</b>	100,033	100	9,900	10,000	
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<b>Contributed services</b>			16,000	16,000	
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<b>Net loss</b>			(26,000)	(26,000)	
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<b>Balance June 30, 2014</b>	<b>260,983</b>	<b>261</b>	<b>774,630</b>	<b>(784,376)</b>	<b>(9,485)</b>
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<b>Contributed services</b>			<b>4,000</b>	<b>4,000</b>	
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<b>Net loss</b>			<b>(4,000)</b>	<b>(4,000)</b>	
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<b>Balance September 30, 2014</b>	<b>260,983</b>	<b>\$ 261</b>	<b>\$ 778,630</b>	<b>\$ (788,376)</b>	<b>\$ (9,485)</b>
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See Accompanying Notes to Financial Statements



**Baying Ecological Holding Group, Inc.**  
**Statements of Cash Flows**

	Quarter ended		Cumulative from Date of Inception on April 11, 2005 to
	September 30, 2014	September 30, 2013	September 30, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income (loss)	\$ (4,000)	\$ (4,000)	\$ (788,376)
Adjustments to reconcile net income (loss) to net cash used in operating activities			
Amortization Expense	-	-	8,125
Expense charged to Contributed Surplus	4,000	4,000	181,391
Debts charged to Contributed Surplus	-	-	-
Shares for services			20,000
Write-off of Properties	-	-	16,875
Shares issued for Properties	-	-	342,500
Increase (decrease) in			
Accrued Expenses	-	-	9,485
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>-</b>	<b>-</b>	<b>(210,000)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment in Franchise	-	-	(25,000)
Investment in Oil and Gas Properties	-	-	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>-</b>	<b>-</b>	<b>(25,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of Capital Stock for cash	-	-	235,000
Note payable	-	-	-
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>-</b>	<b>-</b>	<b>235,000</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning	-	-	-
Ending	\$ -	\$ -	\$ -
<b>Supplemental Disclosures of Cash Flow Information:</b>			
Stock issued for properties	\$ -	\$ -	\$ 342,500
Stock issued for services	\$ -	\$ -	\$ -
Debt forgiveness to Contributed Surplus	\$ -	\$ -	\$ 85,391

See Accompanying Notes to Financial Statements

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**BAYING ECOLOGICAL HOLDING Group, Inc.,**

**Notes to Financial Statements**

**September 30, 2014**

**NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS**

Baying Ecological Holdings, Inc was formerly Toro Ventures Inc which. was incorporated on 11 April 2005, under the laws of the State of Nevada. The company changed its name on January 9, 2014 to better reflect its new business direction.

The Company originally in the exploration of oil and gas properties is largely inactive.

**Reverse Stock Split**

On January 9, 2014 the Company effectuated a 1 to 100 reverse stock split. The financial statements have been presented for all periods to reflect this split.

**Basis of Presentation**

These financial statements are presented in United States dollars and have been prepared in accordance with United States generally accepted accounting principles.

**NOTE 2 - GOING CONCERN**

The Company's financial statements as of September 30, 2014 have been prepared using generally accepted accounting principles in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The Company has incurred a cumulative net loss from inception (April 11, 2005) through September 30,2014 of \$788,376.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its minimal operating expenses and seeking equity and/or debt financing. However management cannot provide any assurances that the Company will be successful in accomplishing any of its plans. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

### **NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Cash and cash equivalents**

The Company considers highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

#### **Net Loss per Share**

Net loss per common share is computed by dividing net loss by the weighted average common shares outstanding during the period as defined by Financial Accounting Standards, ASC Topic 260, "Earnings per Share". Basic earnings per common share ("EPS") calculations are determined by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share calculations are determined by dividing net income by the weighted average number of common shares and dilutive common share equivalents outstanding.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. Management believes that the estimates used are reasonable.

In Management's opinion all adjustments necessary for a fair statement of the results for the interim periods have been made. All adjustments are normal and recurring.

#### **Reclassifications**

Certain prior year balances have been reclassified to conform to the current year presentation.

## **Revenue Recognition**

The Company recognizes revenue on an accrual basis. Revenue is generally realized or realizable and earned when all of the following criteria are met: 1) persuasive evidence of an arrangement exists between the Company and our customer(s); 2) services have been rendered; 3) our price to our customer is fixed or determinable; and 4) collectability is reasonably assured.

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fair value of financial instruments**

The carrying value of cash equivalents and accrued expenses approximates fair value due to the short period of time to maturity.

*Recently issued accounting pronouncements*

In July 2013, the FASB issued Accounting Standards Update 2013-11 Income Taxes (Topic 740) Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry-forward, a Similar Tax Loss, or a Tax Credit Carry-forward Exists. An unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carry-forward, a similar tax loss or a tax credit carry-forward, except as follows. To the extent a net operating loss carry-forward, a similar tax loss or a tax credit carry-forward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. This Update applies to all entities that have unrecognized tax benefits when a net operating loss carry-forward, a similar tax loss, or a tax credit carry-forward exists at the reporting date. The amendments in this Update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013.

In January 2013, the FASB issued ASU No. 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*, which clarifies which instruments and transactions are subject to the offsetting disclosure requirements originally established by ASU 2011-11. The new ASU addresses preparer concerns that the scope of the disclosure requirements under ASU 2011-11 was overly broad and imposed unintended costs that were not commensurate with estimated benefits to financial statement users. In choosing to narrow the scope of the offsetting disclosures, the Board determined that it could make them more operable and cost effective for preparers while still giving financial statement users sufficient information to analyze the most significant presentation differences between financial statements prepared in accordance with U.S. GAAP and those prepared under IFRSs. Like ASU 2011-11, the amendments in this update will be effective for fiscal periods beginning on, or after January 1, 2013. The adoption of ASU 2013-01 is not expected to have a material impact on our financial position or results of operations.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

#### **NOTE 4 - RELATED PARTY TRANSACTION**

The Company has charged to expense with a corresponding credit to paid in capital cost of donated services of its officer which were \$3,000 per quarter for management fees and \$1,000 per quarter for rent.

#### **NOTE 5 - STOCKHOLDERS' DEFICIT**

##### **Authorized**

75,000,000 common shares with a par value of \$0.001.

##### **Shares Issued**

On June 10, 2013 the Company issued 100,000 post split shares valued at market which was determined to be par value as the company's shares are extremely thinly traded and the company has not raised capital for over six years.

On April 24, 2014 100,033 shares were issued to the new founder valued at par.



**NOTE 6 - FORGIVENESS OF DEBT**

During a previous period accounts payable of \$15,396 was forgiven and is shown in other income in the statement of operations, cumulative column.

**NOTE 7 - INCOME TAX**

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary different amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Net deferred tax assets consist of the following components as of September 30, 2014 and 2013:

	<b>September 30, 2014</b>	<b>September 30, 2013</b>
Deferred Tax Assets – Non-current:		
NOL Carryover	\$ 350,002	\$ 350,002
Payroll Accrual	-	-
Less valuation allowance	(350,002)	(350,002)
Deferred tax assets, net of valuation allowance	\$ -	\$ -

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate to pretax income from continuing operations for the period ended September 30, 2014 and 2013 due to the following:

	<b>2014</b>	<b>2013</b>
Book Income	\$ (26,000)	\$ (35,485)
Stock for Services	10,000	10,000
Convertible interest calculation	-	-

Charged items	16,000	16,000
Valuation allowance	-	9,485
	\$ -	\$ -

At September 30, 2014, the Company had net operating loss carry forwards of approximately \$350,002 that may be offset against future taxable income to the year 2024. No tax benefit has been reported in the September 30, 2014 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards for Federal Income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited as to use in future years.

**NOTE 8 - SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through the filing date of these financial statements and has disclosed that there is no such event that are material to the financial statements to be disclosed.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

In this report, unless the context requires otherwise, references to the "Company", "Baying Ecological", "we", "us" and "our" are to Baying Ecological Holding Group, Inc.

### **CORPORATE HISTORY**

We were incorporated pursuant to the laws of the State of Nevada on April 11, 2005 under the name Toro Ventures Inc. We were initially in the fast food services industry. In accordance with the terms and provisions of that certain stock purchase agreement dated December 31, 2013 (the "Stock Purchase Agreement") between Joe Arcaro, seller of control block of restricted shares of common stock of the Company and our sole officer and director ("Arcaro") and The World Financial Holdings Group Co., Ltd., purchaser of the control block of shares of ("World Financial"), there was a change in our control. Arcaro tendered his resignation as the sole member of the Board of Directors and our President/Chief Executive Officer, Secretary, Treasurer/Chief Financial Officer effective February 7, 2014. Effective February 7, 2014, the Board of Directors simultaneously appointed (i) Zhouping Jiao as the sole member of the Board of Directors and as the President/Chief Executive Officer and Treasurer/Chief Financial Officer of the Company; and (ii) Yuehong Yan as our Secretary. In light of the upcoming new business operations, effective May 1, 2014, Zhouping Jiao resigned as the sole member of the Board of Directors and as our President/Chief Executive Officer, Treasurer/Chief Financial Officer and Yuehong Yan resigned as our Secretary. Simultaneously, the Board of Directors effective May 1, 2014 appointed Parsh Patel as the sole member of the Board of Directors and as our President/Chief Executive Officer, Secretary, Treasurer/Chief Financial Officer.

Effective January 9, 2014, our Board of Directors and the majority shareholders approved an amendment to the articles of incorporation to change our name from "Toro Ventures Inc." to "Baying Ecological Holding Group Inc." (the "Name Change Amendment"). The Amendment was filed with the Secretary of State of Nevada on January 23, 2014 changing our name to "Baying Ecological Holding Group Inc." (the "Name Change"). The Name Change was effected to better reflect our future business operations. We filed appropriate documents with FINRA to effect the Name Change. FINRA declared an effective date of February 7, 2014 for the Name Change. Our trading symbol changed to "BYIN". The new cusip number for the Company is 07278X107. The Name Change was effected to better reflect our future business operations.

On January 9, 2014, our Board of Directors and majority shareholders approved a reverse stock split of one for one hundred (1:100) of our total issued and outstanding shares of common stock (the "Stock Split") and the Name Change. Pursuant to our Bylaws and the Nevada Revised Statutes, a vote by the holders of at least a majority of our outstanding votes is required to effect the Stock Split and the Name Change. Our articles of incorporation do not authorize cumulative voting. As of the record date of January 9, 2014, we had 26,095,000 voting shares of common stock issued and outstanding. The consenting stockholders of the shares of common stock are entitled to 20,000,000 votes, which represents approximately 76.64% of the voting rights associated with our shares of common stock. The

consenting stockholders voted in favor of the Stock Split and the Name Change described herein in a unanimous written consent dated January 9, 2014. The Stock Split was effected based upon the filing of appropriate documentation with FINRA. The Stock Split decreased our total issued and outstanding shares of common stock from approximately 26,095,000 shares to 260,950 shares of common stock. The common stock will continue to be \$0.001 par value.

## **OUR BUSINESS**

New management believes that agriculture is one of the fastest growing investment areas of the 21<sup>st</sup> century and is posturing the Company to embark on building an industry leading presence as one of China's walnut conglomerates. Based on management's research, management further believes that in order to capitalize on the growth potential of the walnut market, we will need to revolutionize the industry by building a large scale, all-inclusive, standardized industrial chain. Management intends to achieve this goal by fully utilizing a strong technical force and cultural awareness and heritage to build a strong marketing plan and achieve peak brand operational capability.

Management has been identifying and seeking potential corporate partnerships with the Yangling Modern Agricultural Standardization Institute, which provides an array of technical support for us, as well as Shaanxi Yuanwangda Venture Capital Co., Ltd. in an effort to continue our operational plans. We have been researching an industry-wide chain of production standards for China's entire walnut industry to full realize the development potential that will lead the industry. We intend to incorporate national policy regulations into every step of our business as well as eco-friendly, yet markedly efficient, methods to ensure the very best product is available to our consumers, while also securing the appropriate profit margins for our investors.

As of the date of this Quarterly Report, we have met the following milestones to prepare ourselves for complete self-sufficiency and dominance throughout the walnut industry:

- Successful cultivation of large-scale, eco-efficient walnut reserves (including seed bases and harvesting techniques)
- Independent development of a specialized compound, biological fertilizer that fights the most common forms of walnut disease and create a barrier to prevent future infection
- Acquisition and retention of a top-tier production management team to ensure continued success and growth

We offer a high quality, new to market brand that encompasses expertly grafted walnut breeds including the American red spike-shaped walnut and premier fragrant walnuts. We have a focus on providing all of our customers with the absolute pinnacle of walnut perfection while also offering our VIPs the ecologically sound, organic products that are in such high demand with our upper-level clientele.

We provide the following products and services:

No.	Items	Individual Membership	Corporate Membership
	Pre-paid consumer credit RMB	100--10,000	1,000--20,000
1	Sales	Pre-paid to enjoy double discount	
2	Discount for special products	15% off if paid by cash	Double discount for corporate credit card
3	Discount for consuming in the Club	15% off if paid by cash	Double discount for corporate credit card
4	Discount for normal products	10% off if paid by cash	Double discount for corporate credit card
5	Service fee for group buying		1%--3%
6	A variety of free workshop		20 hours in total
7	Annual fruit-picking		Not limited
8	Group trips		Yes

As special incentives to our long-term clients we are prepared to offer the following programs through our retail location, the Baying Precious and Delicious Food Club:

- **Rechargeable Membership Cards:** We will offer a discount to our members that choose to pre-pay for their products using a membership card system.
- **Special Products:** Working in tandem with our cooperative business partners, we will be ready to offer our customers unique products only available through our collaboration.
- **Glamorous VIP Reception Center:** At our physical location we will feature a VIP tasting experience within our established reception center. Our members will have an opportunity to host guests as they enjoy sampling our offerings at a discount.
- **Superior Offerings:** With a focus on providing our clients with the very best walnuts and related products, we are committed to producing only the finest ecologically sound, organic products for our VIPs.
- **Group Discount Purchasing:** Our VIPs will have the opportunity to purchase products as a group, thereby taking advantage of a bulk discount.
- **Personal and Professional Development Opportunities:** The Fine and Delicious Food Club will be offering free lectures to our clients so as to expand their knowledge base about nutritional and dietary options, health related topics, finance and investment opportunities, as well as classic Chinese cultural studies.
- **Group Enrichment Trips and Annual Fruit Picking Opportunities:** The agricultural hubs of the Baying Company are made available to our VIPs in an effort to offer true transparency to our top clients. We will also be offering group trips, organized with both leisure and education in mind, as well as a family-friendly annual fruit picking trip that will cultivate not only an appreciation of the richness of our products, but also a holistic approach to a family's health and nutrition.

The Baying Precious & Delicious Food Club was an idea that has allowed us to directly reach our customers as we market our products to them. Specializing in selling high-quality and organic fruits, vegetables, cereals, and precious oils, we believe that this aspect of our corporate strategy will be a strong solidifiers of profit and top-of-mind presence. In the end, the Club has nearly infinite profit making applications and as of now we are capitalizing on these: (i) membership card sales; (ii) direct profits from product sales; (iii) cooperation base supply; (iv) public media advertising revenue; and (v) website and periodical advertisement income.

We also intend on applying for and accepting subsidies from the following national organizations/branches of government to enrich our products and our production standards: (i) Department of Commerce: 'Rural Construction Development' project which is designed to assist companies with operations in rural areas who help serve local populations; (ii) Ministry of Agriculture: where the government provides subsidies for the construction of pollution-free base and food deep-processing factories countrywide; (iii) Development and Reform Commission: subsidies from government for agricultural machinery equipment; (iv) The Provincial Labor Union; and (v) funds from SME Promotion Bureau.

As of the date of this Quarterly Report, we have offices located in Troy Michigan and in China on the 6<sup>th</sup> Floor of Huihao Building, off of 3<sup>rd</sup> Keji Road, in the heart of Xi'an city.

**RESULTS OF OPERATIONS**

The following discussions are based on our consolidated financial statements, including our subsidiaries. These charts and discussions summarize our financial statements for the three months ended September 30, 2014 and September 30, 2013 and should be read in conjunction with the financial statements, and notes thereto, included with our most recent Form 10-K for fiscal year ended June 30, 2014.

**SUMMARY COMPARISON OF OPERATING RESULTS\***

	<b>Three Month Period ended September 30</b>	
	<b>2014</b>	<b>2013</b>
Operating Expenses	\$ 4,000	\$ 4,000
Net Income (Loss)	(4,000)	(4,000)
Net Income (Loss) Per Share	(0.02)	(0.02)
Net income (loss) per share	\$ (0.00)	\$ (0.01)

**Three Month Period Ended September 30, 2014 Compared to Three Month Period Ended September 30, 2013.**

Our net loss for the three month period ended September 30, 2014 was (\$4,000) compared to a net loss of (\$4,000) during the three month period ended September 30, 2013. We did not generate any revenues during the three month periods ended September 30, 2014 or September 30, 2013, respectively.

During the three month period ended September 30, 2014 and September 30, 2013, we incurred operating expenses of \$4,000. These operating expenses incurred during the three month period ended September 30, 2014 consisted of: (i) management fees of \$3,000 (2013: \$3,000); and (ii) rent of \$1,000 (2013: \$1,000).

Our loss from operations during the three month periods ended September 30, 2014 and September 30, 2013 was (\$4,000), respectively.

After deducting operating expense, we realized a net loss of (\$4,000) or (\$0.02) for the three month periods ended September 30, 2014 and September 30, 2013, respectively. The weighted average number of shares outstanding was 260,983 for the three month period ended September 30, 2014 compared to 160,950 for the three month period ended September 30, 2013.

**LIQUIDITY AND CAPITAL RESOURCES**

**Three Month Period Ended September 30, 2014**

As at the three month period ended September 30, 2014, our current assets were \$-0- and our current liabilities were \$9,485, which resulted in a working capital deficit of \$9,485. As at the three month period ended September 30, 2014, current assets were \$-0-.

As of September 30, 2014, our total liabilities were \$4,000 comprised of \$9,485 in accrued expenses.

Stockholders' deficit decreased was (\$9,485) for both fiscal year ended June 30, 2014 and the three month period ended September 30, 2014.



### **Cash Flows from Operating Activities**

We have not generated positive cash flows from operating activities. For the three month periods ended September 30, 2014 and September 30, 2013, net cash flows used in operating activities was \$-0-. Net cash flows used in operating activities consisted primarily of a net loss of \$4,000 (2013: \$4,000), which was partially adjusted by \$4,000 (2013: \$4,000) in expense charged to contributed surplus.

### **Cash Flows from Investing Activities**

For the three month periods ended September 30, 2014 and September 30, 2013 , net cash flows used in investing activities was \$-0-, respectively.

### **Cash Flows from Financing Activities**

We intend to finance our operations primarily from debt or the issuance of equity instruments. For the three month periods ended September 30, 2014 and September 30, 2013, net cash flows provided from financing activities was \$-0-, respectively.

## **PLAN OF OPERATION AND FUNDING**

We have incurred losses for the past two fiscal years and had a net loss of \$26,000 at fiscal year ended June 30, 2014. Management intends to finance our 2014/2015 operations primarily with the potential revenue from walnut product sales and any cash short falls will be addressed through equity or debt financing, if available. We will need to raise additional capital, both internally and externally, to cover cash shortfalls and to compete in our markets. Management believes we will require an additional \$1,200,000 in equity financing during the next 12 months to satisfy our cash requirements for operations and to facilitate our business plan.

These operating costs include cost of sales, general and administrative expenses, salaries and benefits and professional fees related to contracting personnel. If we cannot obtain financing to fund our operations in 2013, then we may be required to reduce our expenses and scale back our operations.



## **Going Concern**

If we cannot obtain financing or generate sufficient revenue to fund our operations in 2014/2015, then we may be required to reduce our expenses and scale back our operations. These factors raise substantial doubt of our ability to continue as a going concern. Footnote 2 to our financial statements provides additional explanation of Management's views on our status as a going concern. The audited financial statements contained in this Annual Report do not include any adjustments to reflect the possible future effects on the recoverability of assets or the amounts of liabilities that may result should we be unable to continue as a going concern.

Our independent registered accounting firm included an explanatory paragraph June 30, 2014, in their reports on the accompanying financial statements for June 30, 2014 regarding concerns about our ability to continue as a going concern. Our financial statements contain additional note disclosures describing the circumstances that lead to this disclosure by our independent auditors.

## **OFF BALANCE SHEET ARRANGEMENTS**

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

## **CONTRACTUAL OBLIGATIONS**

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide this information.

## **CRITICAL ACCOUNTING POLICIES**

In July 2013, the FASB issued Accounting Standards Update 2013-11 Income Taxes (Topic 740) Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry-forward, a Similar Tax Loss, or a Tax Credit Carry-forward Exists. An unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carry-forward, a similar tax loss or a tax credit carry-forward, except as follows. To the extent a net operating loss carry-forward, a similar tax loss or a tax credit carry-forward is not available at the reporting date under the tax law of the applicable jurisdiction to settle

any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. This Update applies to all entities that have unrecognized tax benefits when a net operating loss carry-forward, a similar tax loss, or a tax credit carry-forward exists at the reporting date. The amendments in this Update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013.

In January 2013, the FASB issued ASU No. 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*, which clarifies which instruments and transactions are subject to the offsetting disclosure requirements originally established by ASU 2011-11. The new ASU addresses preparer concerns that the scope of the disclosure requirements under ASU 2011-11 was overly broad and imposed unintended costs that were not commensurate with estimated benefits to financial statement users. In choosing to narrow the scope of the offsetting disclosures, the Board determined that it could make them more operable and cost effective for preparers while still giving financial statement users sufficient information to analyze the most significant presentation differences between financial statements prepared in accordance with U.S. GAAP and those prepared under IFRSs. Like ASU 2011-11, the amendments in this update will be effective for fiscal periods beginning on, or after January 1, 2013. The adoption of ASU 2013-01 is not expected to have a material impact on our financial position or results of operations.

We have implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and we do not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

### **ITEM 4. CONTROLS AND PROCEDURES.**

#### **Evaluation of Disclosure Controls and Procedures**

We have carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer/Principal Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of June 30, 2014. Based on such evaluation, we have concluded that, as of such date, our disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in applicable SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer/Principal Financial Officer, as appropriate, to allow timely discussions regarding required disclosure.

#### **Management’s Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining internal control over financial reporting for our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over our financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions .
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and
- (3)

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error or circumvention through collusion or improper overriding of controls. Therefore, even those internal control systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2014. In making its assessment of internal control over financial reporting, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSD) in *Internal-Control-Integrated Framework* and implemented a process to monitor and assess both the design and operating effectiveness of our internal controls. Based on this assessment, management believes that as of September 30, 2014, our internal control over financial reporting was not effective.

We have instituted a remediation plan which involves reeducating our management, the accounting staff, and the administrative staff as to the elements of a completed sale. We increased the oversight of the process by increasing the frequency of involvement of outside accounting consultants. Internal systems are being put into place to track and document significant dates, such as delivery, installation and customer acceptance. In addition, the bookkeeping system has been modified so that all sales of extended warranties are automatically recorded as deferred revenue and that the amount of revenue that is ultimately recognized as warranty revenue is as the result of an analysis of the significant aspects of the warranty such as coverage and period.

### **Changes in Internal Control Over Financial Reporting**

Our management has evaluated, with the participation of our Chief Executive Officer/Chief Financial Officer, changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the first quarter of 2014. In connection with such evaluation, there have been no changes to our internal control over financial reporting that occurred since the beginning of our first quarter of 2014 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting. While there have been no changes, we have assessed our internal controls as being deficient and will be taking steps during 2014/2015 to remedy such deficiencies.

**PART II – OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS.**

None.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

**ITEM 4. MINE SAFETY DISCLOSURES.**

None

**ITEM 5. OTHER INFORMATION.**

None.

**ITEM 6. EXHIBITS.**

The following exhibits are filed as part of this Form 10-Q:

<b>Exhibit Number</b>	<b>Description</b>
<b>(3)</b>	<b>(i) Articles of Incorporation; and (ii) Bylaws</b>
3.1	Articles of Incorporation (incorporated by reference from our Registration Statement on Form SB-2, filed on August 15, 2005).
3.2	Bylaws (incorporated by reference from our Registration Statement on Form SB-2, filed on August 15, 2005).
<b>(10)</b>	<b>Material Contracts</b>
10.1	Master Franchise Agreement (incorporated by reference from our Registration Statement on Form SB-2, filed on August 15, 2005).
10.2	Turnkey Agreement between our Company and Nitro Petroleum, Inc. (incorporated by reference from our Current Report on Form 8-K filed on April 4, 2008).
10.3	Employment Agreement between Baying Ecological Holding Group Inc. (incorporated by reference from Current Report on Form 8-K filed on July 31, 2014).
<b>(14)</b>	<b>Code of Ethics</b>
14.1	Code of Ethics (incorporated by reference from our Annual Report on Form 10-KSB filed on September 26, 2008).
<b>(31)</b>	<b>Rule 13a-14(a)/15d-14(a) Certifications</b>
31.1*	Section 302 Certification under Sarbanes-Oxley Act of 2002
<b>(32)</b>	<b>Section 1350 Certifications</b>
32.1*	Section 906 Certification under Sarbanes-Oxley Act of 2002

\* Filed herewith.



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**BAYING ECOLOGICAL HOLDING  
GROUP, INC.**

Date: November 17, 2014

By: */s/ Parsh Patel*  
Gunther Than  
Chief Executive Officer

(Principal executive officer, principal  
financial officer, and principal  
accounting officer)