FireEye, Inc.
Form 10-K
March 02, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 001-36067

FireEye, Inc.
(Exact name of registrant as specified in its charter)

Delaware	20-1548921
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1440 McCarthy Blvd.
Milpitas, CA 95035
(408) 321-6300
(Address, including zip code, and telephone number, including area code, of registrant’s principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”). Yes ¨ No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 x No ¨

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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	x		Accelerated filer	¨
Non-accelerated filer	¨	(Do not check if a smaller reporting company)	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

As of June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates was approximately $4.3 billion, based on the closing price of such stock reported for such date on The NASDAQ Global Select Market. Shares of common stock held by each executive officer, director and by each person who owns 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of the registrant's common stock was 155,666,912 as of February 26, 2015.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2015 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2014 are incorporated by reference into Part III of this Annual Report on Form 10-K.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including the sections entitled “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “i “could,” “would,” “project,” “plan” “expect,” the negative and plural forms of these words and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements concerning the following:

- the evolution of the threat landscape facing our customers and prospects;
- our ability to educate the market regarding the advantages of our virtual machine-based security solution;
- our ability to maintain an adequate rate of revenue growth;
- our future financial and operating results;
- our business plan and our ability to effectively manage our growth and associated investments;
- beliefs and objectives for future operations;
- our ability to expand our leadership position in advanced network security;
- our ability to attract and retain customers;
- our ability to further penetrate our existing customer base;
- our expectations concerning renewal rates for subscriptions and services by existing customers;
- our ability to maintain our competitive technological advantages against new entrants in our industry;
- our ability to timely and effectively scale and adapt our existing technology;
- our ability to innovate new products and bring them to market in a timely manner;
- our ability to maintain, protect, and enhance our brand and intellectual property;
- our ability to expand internationally;
- the reorganization of our corporate structure and intercompany relationships and our ability to improve our overall effective tax rate;
- the effects of increased competition in our market and our ability to compete effectively;
- cost of revenue, including changes in costs associated with production, manufacturing and customer support;
- operating expenses, including changes in research and development, sales and marketing, and general and administrative expenses;
- anticipated income tax rates;
- sufficiency of cash to meet cash needs for at least the next 12 months;
- our ability to maintain our good standing with the United States and international governments and capture new contracts;
- costs associated with defending intellectual property infringement and other claims, such as those claims discussed in “Business—Legal Proceedings”;
- our expectations concerning relationships with third parties, including channel partners and logistics providers;
- the release of new products;
- economic and industry trends or trend analysis;
- the attraction and retention of qualified employees and key personnel;
- future acquisitions of or investments in complementary companies, products, subscriptions or technologies; and
- the effects of seasonal trends on our results of operations.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in “Risk Factors” included in Part I, Item 1A and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this Annual Report on Form 10-K may not occur, or unanticipated events or circumstances that we did not foresee may materialize, either of which could cause actual results to differ materially and adversely from those anticipated or implied in our forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances described in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Annual Report on Form 10-K to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed with the SEC as exhibits to this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

PART I

Item 1. Business

General

We provide a comprehensive cybersecurity solution for detecting, preventing and resolving advanced cyber-attacks that evade legacy signature-based security products. Our cybersecurity solutions combine our purpose-built virtual-machine technology, threat intelligence, and advanced security expertise in a suite of products and services that reduces our customers' exposure to attacks by enabling accurate detection and rapid response. Our proprietary virtual machine-based technology delivers high efficacy detection and prevention, while also scaling in response to ever-increasing network performance requirements, to provide real-time protection to enterprises and governments worldwide. Our threat intelligence subscriptions, managed services, incident response, and consulting services complement our threat prevention products to help organizations adapt their security profile as threats evolve. This adaptive approach to cybersecurity represents a paradigm shift in how IT security has been conducted since the earliest days of the information technology industry and we believe it is imperative for organizations to invest in this new approach to protect their critical assets from the global pandemic of cybercrime, cyber espionage and cyber warfare.

The new generation of cyber-attacks on organizations, including large and small enterprises and governments worldwide, is characterized by an unprecedented escalation in the complexity and scale of advanced malware created by criminal organizations and nation-states. These modern attacks are built on dynamic, stealthy and targeted malware that penetrates defenses in multiple stages and through multiple entry points of an IT network. These highly targeted, "single-use" cyber-attacks easily circumvent legacy security solutions that rely on pattern-matching detection technologies. Additionally, because legacy solutions reference outdated signatures of past threats, they also generate a high number of false-positive alerts.

To address the shortcomings of legacy security solutions, we developed a new threat prevention platform based on our purpose-built, virtual machine-based detection engine, MVX. Our comprehensive platform combines our MVX virtualized execution engine and our cloud-based threat intelligence network to identify previously unknown threats and protect organizations at all stages of the attack lifecycle and across all primary threat vectors, including Web, email, file, endpoint and mobile.

Our over ten years of research and development in proprietary virtual machine technology, anomaly detection and associated heuristic, or experience-based, algorithms enables MVX to provide real-time, dynamic threat protection without the use of signatures while delivering high efficacy and network performance. Our MVX engine detonates, or "runs," Web objects, suspicious attachments and files within virtual environments to detect and block the full array of next-generation threats, including attacks that leverage unknown vulnerabilities in widely used software programs, also known as "zero-day" attacks. Newly identified threats are quarantined to prevent exposure to the organization's actual network environment, and information regarding such threats is correlated with other FireEye platforms within the organization through our management platform and sent to our Dynamic Threat Intelligence, or DTI, cloud. Our DTI cloud enables real-time global sharing of threat intelligence uploaded by our customers' cloud-connected FireEye appliances.

In December 2013, we acquired privately held Mandiant, a leading provider of advanced endpoint security products and security incident response management solutions. FireEye and Mandiant have been strategic partners with integrated product offerings since April 2012. We believe the combination of the two companies deepens this partnership and creates the industry's leading advanced threat protection vendor with the ability to find and stop attacks at every stage of the attack life cycle. The combination of our industry-leading security products and threat intelligence with products and services from Mandiant enables us to provide a complete solution for detecting, preventing and resolving advanced cybersecurity threats across three distinct disciplines:

- First, Mandiant provided endpoint-based advanced threat detection and response solutions, and we have continued to develop Mandiant's endpoint technology as part of our comprehensive advanced security platform. The integration of threat intelligence from our endpoint products with our web, email, file and mobile platforms enables security teams to enhance their visibility and make faster, more accurate decisions about potential security incidents occurring across an organization's network and endpoints.
-

Second, Mandiant brings significant depth in intelligence on next-generation attacks and threat actors, which is continually gathered from ongoing monitoring of more than four million endpoints and by incident response and remediation teams that serve on the front lines combating the most advanced attacks. When this depth of threat intelligence is paired with the breadth of the FireEye real-time threat intelligence gathered from more than nine million virtual machines, organizations will have robust detection and contextual information about attempted attacks, including the level of risk, the identity of the attackers, and the intended target of the attacks.

- Third, Mandiant's team of highly skilled incident response experts has performed hundreds of incident response investigations across numerous industries at some of the largest organizations in the world. In addition, Mandiant brings its Managed Defense monitoring service to FireEye. The addition of these skills and expertise significantly expands our ability to offer value-added services to our customers.

Our cybersecurity platform includes a family of software-based appliances, cloud-based subscription services, support and maintenance and other services. Our principal threat prevention appliance families address critical vectors of attack: Web, email, file, endpoint and mobile. We also provide a family of threat prevention appliances and agents that enable rapid identification and remediation of attacks that have penetrated and are residing on an organization's endpoints, such as desktop computers, laptops, or mobile devices. Our management appliances serve as a central nervous system unifying reporting and configuration, while monitoring and correlating attacks that simultaneously cross multiple vectors of the network, thereby increasing the efficacy of our security platform. Our management appliances enable us to share intelligence regarding threats at a local implementation level and also across the organization.

In addition, we enhance the efficacy of our solution by sharing with customers anonymized global threat data through our DTI cloud. We also offer a forensic analysis appliance that provides IT security analysts with the ability to test, characterize and conduct forensic examinations on next-generation cyber attacks by simulating their execution path with our virtual machine technology. Our cloud-based mobile threat prevention platform identifies and stops mobile threats by analyzing mobile applications within our MVX engine. Finally, we offer both incident response services to assist our customers who have been breached and our FireEye-as-a-Service managed services for comprehensive monitoring based on our security expertise.

As part of our sales strategy, we often provide prospective customers with our products for a short-term evaluation period. In such cases, our products are deployed within the prospective customer's network, typically for a period ranging from one week to several months. During this period, the prospective customer conducts evaluations with the assistance of our system engineers and members of our security research team. These evaluations have been part of our ordinary course business practices for the past two years. In over 95% of these prospective customer evaluations, we have discovered incidents of next-generation threats that were conducting malicious activities and that successfully evaded the prospective customers' existing security infrastructure, including traditional firewalls, next-generation firewalls, intrusion prevention systems, anti-virus software, email security and Web filtering appliances. By deploying our platform, organizations can stop inbound attacks and outbound theft of valuable intellectual property and data with a negligible false-positive rate, enabling them to avoid potentially catastrophic financial and intellectual property losses, reputational harm and damage to critical infrastructures.

Our sales model consists of a direct sales team and channel partners that collaborate to identify new sales prospects, sell products and services, and provide post-sale support. We believe this approach allows us to maintain face-to-face connectivity with our customers, including key enterprise accounts, and helps us support our partners, while leveraging their reach and capabilities. Further, we believe our leading incident response capabilities position us as a trusted advisor to our customers and offer us the opportunity to help customers prevent future breaches through the use of our products and services. As of December 31, 2014, we had approximately 3,100 end-customers, including 187 of the Fortune 500. Our customers include leading enterprises in a diverse set of industries, including telecommunications, technology, financial services, public utilities, healthcare and oil and gas, as well as leading U.S. and international governmental agencies.

For 2014, 2013 and 2012, our revenue was $425.7 million, $161.6 million and $83.3 million, respectively, representing year-over-year growth of 163% for 2014, 94% for 2013 and 148% for 2012, and our net losses were $443.8 million, $120.6 million and $35.8 million, respectively.

We primarily market and sell our virtual machine-based security platform to enterprise companies in a broad range of industries and to national, regional and local governments worldwide. Our business is geographically diversified, with 75% of our total revenue from the United States, 14% from Europe, the Middle East, and Africa (EMEA), and 8% from Asia Pacific and Japan (APAC) in 2014. As of December 31, 2014, we had approximately 3,100 end-customers, including approximately 25% of the Global 2000.

We were incorporated in Delaware in February 2004 under the name NetForts, Inc., and changed our name to FireEye, Inc. in September 2005. Our principal executive offices are located at 1440 McCarthy Blvd, Milpitas, California 95035, and our telephone number is (408) 321-6300. Our website is www.fireeye.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this report, and you should not consider information on our website to be part of this report. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on the Investors portion of our web site as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

We are organized and operate in a single segment. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K.

Our Products, Subscriptions and Services

Products

- Threat Prevention Platform. Our Threat Prevention Platform consists of vector-specific appliance solutions that provide comprehensive next-generation threat protection, from network to endpoint, for both inbound and outbound network traffic that may contain sensitive information. Our portfolio of Threat Prevention solutions includes the following appliances covering the Web, email, endpoint, file and mobile threat vectors:

- Network Threat Prevention Platform (NX Series). Our Network Security NX Series appliances are deployed in-line at enterprise Internet access points to analyze all web traffic. Utilizing our MVX engine, these appliances identify and block next-generation threats deeply embedded inside web traffic, create real-time protection descriptors from the identified threats, and capture potential multi-protocol outbound communication data from threats that may already be inside the network. Our MVX engine detects advanced attacks exploiting unknown vulnerabilities as well as malicious code embedded in common Web and multimedia content. Our MVX engine executes suspicious software against a range of browsers, plug-ins, applications, and operating environments that are instrumental in tracking malicious actions. As potential threats can sometimes enter the network via user devices and may have been resident in the network previously, our MVX engine also analyzes outbound traffic for threats that may attempt to extract sensitive information or enable control of devices within the network by communicating with servers. Using our MVX engine, our Network Security platform confirms zero-day attacks, generates real-time security intelligence and captures dynamic callback destinations to defend against attacks. In September 2013, we introduced the NX 10000, a multi-gigabit throughput appliance that can be deployed in-line at Internet egress points to block Web exploits and outbound multi-protocol callbacks. In December 2013, we introduced our NX 900 to enable threat protection at various remote and branch offices as well as at the homes of an organization’s executive officers and key personnel. In June 2014, we introduced the Network Threat Prevention Platform with IPS to consolidate advanced threat prevention with traditional security. This optimizes spend, reduces false positives illuminating attacks hidden in noise, and enables compliance while driving security across known and unknown threats. In September 2014, we introduced the NX 7500 with support for Windows and Mac OSX on the same appliance.
- Email Threat Prevention Platform (EX Series). Our Email Threat Prevention EX Series appliances detect and stop advanced attacks that exploit unknown operating system, browser, and application vulnerabilities as well as malicious code embedded in email content. Using our MVX engine, these appliances analyze email content as well as all email attachments, including all common file and archive formats. In particular, these appliances secure networks against spear phishing emails, which bypass traditional anti-spam and reputation-based technologies. Spear phishing attacks use individually targeted content to trick users into clicking on a malicious link or opening a document, and are frequently used by cybercriminals to extract sensitive information such as user IDs and passwords. Our MVX engine actively executes, and is able to quickly identify, links to compromised websites and malicious attachments and blocks spear-phishing emails.
- Endpoint Threat Prevention Platform (HX Series). Our Endpoint Threat Prevention Platform is an appliance and endpoint agent-based system that equips security organizations to detect, analyze and resolve security incidents on desktops, laptops and other end-user devices using the threat detection algorithms of the MVX engine. Threat intelligence and alerts are correlated between our Network Threat Prevention and Endpoint Threat Prevention platforms to provide visibility across an organization and enable rapid containment. Additionally, the HX agent collects forensic data necessary for investigation and analysis of attacks. Our Endpoint Threat Prevention can be configured to sweep for indicators of compromise at regular intervals to identify new attacks and compromised devices and is a component of our FireEye as a Service offering.
- File Content Security (FX Series). During fiscal year ended June 30, 2018 and to current date, we did not issue any shares of unregistered common stock.

ISSUER PURCHASE OF SECURITIES

None.

ITEM 6. SELECTED FINANCIAL DATA.

Not Applicable.

19

Table of Contents

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following analysis of our consolidated financial condition and results of operations for the years ended June 30, 2018 and 2017 should be read in conjunction with the Consolidated Financial Statements and other information presented elsewhere in this annual report.

OVERVIEW

In accordance with the terms and provisions of the Stock Purchase Agreement, there was a change in control of the Company.

RESULTS OF OPERATIONS FOR FISCAL YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017

The following discussions are based on our financial statements. These charts and discussions summarize our financial statements for fiscal years ended June 30, 2018 and 2017 and should be read in conjunction with the financial statements, and notes thereto, included with this Annual Report.

SUMMARY COMPARISON OF OPERATING RESULTS

	Years ended June 30	
	2018	**2017**
Total operating expenses	43,518	36,145
Loss from operations	(43,518)	(36,145)
Total other income (expense)	-0-	-0-
Net loss	(43,518)	(36,145)
Net loss per share	$ (0.00)	$ (0.00)

Fiscal Year Ended June 30, 2018 Compared to Fiscal Year Ended June 30, 2017

Our net loss for fiscal year ended June 30, 2018 was ($43,518) compared to a net loss of ($36,145) during fiscal year ended June 30, 2017 (a increase in net loss of $7,373). During fiscal years ended June 30, 2018 and 2017, we did not generate any revenues.

During fiscal year ended June 30, 2018, we incurred operating expenses of $43,518 compared to $36,145 incurred during fiscal year ended June 30, 2017 (a decrease of $7,373). These operating expenses incurred during fiscal year ended June 30, 2018 consisted of: (i) management fees of $18,000 (2016: $18,000); (ii) professional fees of $24,327 (2017: $17,011); and (iii) general and administrative of $1,191 (2016: $1,134). Operating expenses incurred during fiscal year ended June 30, 2018 compared to fiscal year ended June 30, 2017 increased primarily due to the increase in professional fees of $7,316 and general and administrative of fees $57.

Management fees consisted of consulting and professional services provided to us by our sole executive officer and member of the Board of Directors, Parsh Patel. In accordance with the terms and provisions of that certain consulting agreement dated May 1, 2014, we pay Mr. Patel management fees of $1,500 monthly for aggregate annual fee of $18,000. See “Item 11. Executive Compensation.

Our loss from operations during fiscal year ended June 30, 2018 was ($43,518) compared to a loss from operations during fiscal year ended June 30, 2017 of ($36,145) increased based upon the factors described above pertaining to professional fees and general and administrative fees.

During fiscal years ended June 30, 2018 and June 30, 2017, we did not record any other income or expenses.

Therefore, net loss during fiscal year ended June 30, 2018 was ($43,518) compared to a net loss of ($36,145) during fiscal year ended June 30, 2017. The weighted average number of shares outstanding was 260,983 for both fiscal years ended June 30, 2018 and June 30, 2017.

Table of Contents

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

Fiscal Year Ended June 30, 2018

As of June 30, 2018, our current assets were $nil and our current liabilities were $214,202, which resulted in a working capital deficit of $214,202. As of June 30, 2017, our total assets were $2,263 consisting of cash.

As of June 30, 2017, our total liabilities were $172,947 comprised of: (i) $10,000 in accrued expenses; and (ii) $162,947 in amounts due to related parties.

Stockholders' deficit increased from ($170,684) for fiscal year ended June 30, 2017 to ($214,202) for fiscal year ended June 30, 2018.

Cash Flows from Operating Activities

We have not generated positive cash flows from operating activities. For fiscal year ended June 30, 2018, net cash flows used in operating activities consisted primarily of a net loss of ($43,518), which was changed by $1,000 in accrued expenses. For fiscal year ended June 30, 2018, net cash flows used in operating activities was $44,519 compared to $35,900 for fiscal year ended June 30, 2017. For fiscal year ended June 30, 2017, net cash flows used in operating activities consisted primarily of a net loss of ($36,145), which was partially adjusted by $245 in accrued expenses.

Cash Flows from Investing Activities

For fiscal years ended June 30, 2018 and June 30, 2017, net cash flows used in investing activities was $-0-

Cash Flows from Financing Activities

For the fiscal years ended June 30, 2018 and June 30, 2017, net cash flows provided from financing activities was $42,255 and $36,185, respectively, in proceeds from related parties.

PLAN OF OPERATION AND FUNDING

We have incurred losses for the past two fiscal years and had a net loss of $43,518 at fiscal year ended June 30, 2018 and $36,145 at fiscal year ended June 30, 2017. Management intends to finance our operations through equity or debt financing from related parties. 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, 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, 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, 2018, in their reports on the accompanying financial statements for June 30, 2018 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.

Table of Contents

MATERIAL COMMITMENTS

One of our directors, Zhouping Jiao, has advanced funds to us for working capital purposes to fund our expenses. The advances are due on demand and non-interest bearing. As of June 30, 2018 and June 30, 2017, the outstanding amounts due were $205,202 and $162,947, respectively.

Our executive officer and a director, Parsh Patel, has advanced $3,000 to us for working capital purposes to pay our expenses, which was recorded as paid-in capital.

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.

RECENT CRITICAL ACCOUNTING POLICIES

In February 2016, the FASB issued ASU 2016-02, Leases which significantly changes the accounting for leases by requiring lessees to recognize assets and liabilities for leases greater than 12 months on their balance sheet. The lessor model stays substantially the same; however, there were modifications to conform lessor accounting with the lessee model, eliminate real estate specific guidance, further define certain lease and non-lease components, and change the definition of initial direct costs of leases requiring significantly more leasing related costs to be expensed upfront. ASU 2016-02 is effective for the Company in the first quarter of fiscal 2020, and the Company is currently assessing the impact this standard will have on the Company's financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments. The amendments in this update provided guidance on eight specific cash flow issues. This update is to provide specific guidance on each of the eight issues, thereby reducing the diversity in practice in how certain transactions are classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years and interim periods beginning after December 15, 2017, which will be effective for the Company for the quarter ending December 31, 2018. Early adoption is permitted. The Company is assessing the impact, if any, of implementing this guidance on its consolidated financial position, results of operations and liquidity.

The Company believes that there were no other accounting standards recently issued that had or are 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 our 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 our financial position or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a “smaller reporting company”, we are not required to provide this information.

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

BAYING ECOLOGICAL HOLDING GROUP INC.

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

CONTENTS

Table of Contents

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of Baying Ecological Holding Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Baying Ecological Holding Group, Inc. (the “Company”) as of June 30, 2018 and 2017, the related statements of operations, stockholders’ equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company's significant operating losses raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ BF Borgers CPA PC

BF Borgers CPA PC

We have served as the Company's auditor since 2015

Lakewood, CO

September 28, 2018

Table of Contents

BAYING ECOLOGICAL HOLDING GROUP, INC
BALANCE SHEETS

	June 30, 2018	June 30, 2017
Assets		
Current Assets		
Cash	$ -	$ 2,263
Total Assets	-	2,263
Liabilities		
Current Liabilities		
Accrued expenses	9,000	10,000
Due to related parties	205,202	162,947
Total Current Liabilities	214,202	172,947
Total Liabilities	214,202	172,947
Commitment & contigencies	-	-
Stockholders' Deficit		
Common stock, par value $0.001, Authorized 75,000,000; 260,983 issued and outstanding as of June 30, 2018 and June 30, 2017	261	261
Additional paid-in capital	1,009,713	1,009,713
Deficit accumulated during development stage	(1,224,176)	(1,180,658)
Total Stockholders' Deficit	(214,202)	(170,684)
Total Liabilities and Stockholders' Deficit	$ -	$ 2,263

See accompanying notes to financial statements

Table of Contents

BAYING ECOLOGICAL HOLDING GROUP, INC
STATEMENTS OF OPERATIONS

	For the Years Ended June 30, 2018	June 30, 2017
Revenues	$ -	$ -
Operating Expenses		
Professional fees	24,327	17,011
Management fees	18,000	18,000
General and administrative expenses	1,191	1,134
Total Operating Expenses	43,518	36,145
Loss from operations	(43,518)	(36,145)
Other Income (Expenses)		
Other Income (Expenses)	-	-
Total Other Income (Expenses)	-	-
Net Loss before Income Taxes	(43,518)	(36,145)
Income Tax Benefit	-	-
Net Loss	$ (43,518)	$ (36,145)
Net Loss per Common Share - Basic and Diluted	$ (0)	$ (0)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	260,983	260,983

See accompanying notes to financial statements

Table of Contents

BAYING ECOLOGICAL HOLDING GROUP, INC
STATEMENTS OF STOCKHOLDERS' DEFICIT

	Common Stock				Additional Paid-in			Total Stockholders'
	Shares		Amount		Capital		Accumulated Deficit		Deficit
Balance, June 30, 2013	**160,950**	**$**	**161**	**$**	**748,730**	**$**	**(758,376)**	**$**	**(9,485)**
Shares issued for services	100,033		100		249,983				250,083
Contributed services					8,000				8,000
Net loss							(276,296)		(276,296)
Balance, June 30, 2014	**260,983**	**$**	**261**	**$**	**1,006,713**	**$**	**(1,034,672)**	**$**	**(27,698)**
Net loss							(62,553)		(62,553)
Balance, June 30, 2015	**260,983**	**$**	**261**	**$**	**1,006,713**	**$**	**(1,097,225)**	**$**	**(90,251)**
Contribution to paid-in capital					3,000				3,000
Net loss							(47,288)		(47,288)
Balance, June 30, 2016	**260,983**	**$**	**261**	**$**	**1,009,713**	**$**	**(1,144,513)**	**$**	**(134,539)**
Net loss							(36,145)		(36,145)
Balance, June 30, 2017	**260,983**	**$**	**261**	**$**	**1,009,713**	**$**	**(1,180,658)**	**$**	**(170,684)**
Net loss							(43,518)		(43,518)
Balance, June 30, 2018	**260,983**	**$**	**261**	**$**	**1,009,713**	**$**	**(1,224,176)**	**$**	**(214,202)**

See accompanying notes to financial statements

Table of Contents

BAYING ECOLOGICAL HOLDING GROUP, INC
STATEMENTS OF CASH FLOWS

	For the Years Ended June 30, 2018	June 30, 2017
Cash Flows from Operating Activities		
Net Loss	$ (43,518)	$ (36,145)
Adjustment to reconcile net loss from operations:		
Contribution to additional paid-in capital	-	-
Changes in Operating Assets and Liabilities		
Accrued expenses	(1,000)	245
Net Cash Used in Operating Activities	**(44,518)**	**(35,900)**
Cash Flows from Financing Activities		
Proceeds from related parties	42,255	36,185
Net Cash Provided by Financing Activities	**42,255**	**36,185**
Net Increase (Decrease) in Cash	**(2,263)**	**285**
Cash at Beginning of Period	**2,263**	**1,978**
Cash at End of Period	**$ -**	**$ 2,263**
Supplemental Cash Flow Information:		
Income Taxes Paid	**$ -**	**$ -**
Interest Paid	**$ -**	**$ -**

See accompanying notes to financial statements

Table of Contents

Baying Ecological Holding Group, Inc.

Notes to Financial Statements

June 30, 2018

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Baying Ecological Holding Group, Inc. was formerly Toro Ventures Inc., which was incorporated on April 11, 2005, under the laws of the State of Nevada. The Company was originally in the fast food services industry.

The Company changed its name on January 9, 2014 to better reflect its new business direction, of a holding company eventually with various entities being managed. The Company has been identifying and seeking potential corporate partnerships with walnut industry entities.

The Company's accounting year end is June 30.

NOTE 2 – GOING CONCERN

The Company's financial statements as of June 30, 2018 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 significant losses and has no assets.

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

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.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates. Significant estimates include estimated useful lives and potential impairment of property and equipment, estimate of fair value of share based payments and derivative instruments and recorded debt discount, valuation of deferred tax assets and valuation of in-kind contribution of services and interest.

Cash and Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents.

Table of Contents

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.

Business Segments

The Company operates in one segment and therefore segment information is not presented.

Revenue Recognition

The Company will recognize revenue on arrangements in accordance with FASB ASC No. 605, “Revenue Recognition”. In all cases, revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

Fair Value of Financial Instruments

The Company applies the accounting guidance under Financial Accounting Standards Board (“FASB”) ASC 820-10, “Fair Value Measurements”, as well as certain related FASB staff positions. This guidance defines fair value as the price that would be received from m selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact business and considers assumptions that marketplace participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

The guidance also establishes a fair value hierarchy for measurements of fair value as follows:

- Level 1 - quoted market prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's financial instruments consist of accounts payable. The carrying amount of the Company's financial instruments approximates their fair value, due to the short-term nature of these instruments.

Recent Accounting Pronouncements

In July 2017, the FASB issued ASU No. 2017-11, (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception. The new standard applies to issuers of financial instruments with down-round features. A down-round provision is a term in an equity-linked financial instrument (i.e. a freestanding warrant contract or an equity conversion feature embedded within a host debt or equity contract) that triggers a downward adjustment to the instrument's strike price (or conversion price) if equity shares are issued at a lower price (or equity-linked financial instruments are issued at a lower strike price) than the instrument's then-current strike price. The purpose of the feature is typically to protect the instrument's counterparty from future issuances of equity shares at a more favorable price. The ASU amends (1) the classification of such instruments as liabilities or equity by revising the certain guidance relative to evaluating if they must be accounted for as derivative instruments and (2) the guidance on recognition and measurement of freestanding equity-classified instruments. For the Company, this ASU is effective January 1, 2019, with early adoption permitted. Because the Company has not issued financial instruments with down-round features, the Company does not expect this ASU to have a material impact on its consolidated results of operations and financial condition.

Table of Contents

In August 2017, the FASB issued ASU No. 2017-12, Targeted Improvements to Accounting for Hedging Activities. The ASU amends existing guidance to simplify the application of hedge accounting in certain situations and allow companies to better align their hedge accounting with their risk management activities. Existing standards contain certain requirements for an instrument to qualify for hedge accounting relative to initial and ongoing assessments of hedge effectiveness. While an initial quantitative test to establish the hedge relationship is highly effective would still be required, the new ASU permits subsequent qualitative assessments for certain hedges instead of a quantitative test and expands the timeline for performing the initial quantitative assessment. The ASU also simplifies related accounting by eliminating the requirement to separately measure and report hedge ineffectiveness. Instead, for qualifying cash flow and net investment hedges, the entire change in fair value (including the amount attributable to ineffectiveness) will be recorded within other comprehensive income and reclassified to earnings in the same income statement line that is used to present the earnings effect of the hedged item when the hedged item affects earnings. For fair value hedges, generally, the entire change in fair value of the hedging instrument would also be presented in the same income statement line as the hedged item. The new standard also simplifies the accounting for fair value hedges of interest rate risks and expands an entity's ability to hedge nonfinancial and financial risk components. In addition, the guidance also eases certain documentation requirements, modifies the accounting for components excluded from the assessment of hedge effectiveness, and requires additional tabular disclosures of derivative and hedge-related information. For the Company, this ASU is effective January 1, 2019, with a modified retrospective transition resulting in a cumulative-effect adjustment recorded to the opening balance of retained earnings as of the adoption date. Early adoption is permitted. Because the Company does not have any hedging activities, the Company does not expect this ASU to have a material impact on its consolidated results of operations and financial condition.

The Company believes that there were no other accounting standards recently issued that had or are expected to have a material impact on our financial position or results of operations.

NOTE 4 – RELATED PARTY TRANSACTION

Mr. ZhouPing Jiao, director of the Company, have advanced working capital to pay expenses of the Company. The advances are due on demand and non-interest bearing. The outstanding amount due to related parties was $205,202 and $162,947 as of June 30, 2018 and June 30, 2017.

Mr. Parsh Patel, director and officer of the Company, provides various consulting and professional services to the Company for which he is compensated. The management fees were $18,000 and $18,000 for the years ended June 30, 2018 and 2016, respectively.

NOTE 5 – STOCKHOLDERS' DEFICIT

The Company authorized 75,000,000 common shares with a par value of $0.001.

On October 2015, Mr. Parsh Patel, CEO of the Company has advanced $3,000 as working capital to pay expenses of the Company that was contributed as additional paid-in capital of the Company.

NOTE 6 – INCOME TAXES

Deferred taxes are provided on 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.

Table of Contents

Net deferred tax assets consist of the following:

		June 30, 2018		June 30, 2017
NOL carryover	$	137,452	$	139,586
Less: Valuation allowance		(137,452)		(139,586)
Deferred tax assets, net of valuation allowance	$	-	$	-

The reconciliation of the effective income tax rate to the federal statutory rate is as follows:

	June 30, 2018	June 30, 2017
Federal income tax rate	21%	15%
Less: Valuation allowance	(21)%	(15)%
Effective income tax rate	-%	-%

At June 30, 2018, the Company had net operating loss carry forwards of approximately $974,093 that may be offset against future taxable income. No tax benefit has been reported for the period ended June 30, 2018 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.

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act ("Tax Reform Act"). The legislation significantly changes U.S. tax law by, among other things, lowering corporate income tax rates, implementing a territorial tax system and imposing a transition tax on deemed repatriated earnings of foreign subsidiaries. The Tax Reform Act permanently reduces the U.S. corporate income tax rate from a maximum of 35% to a flat 21% rate, effective January 1, 2018. As a result of the reduction in the U.S. corporate income tax rate from 34% to 21% under the Tax Reform Act, the Company revalued its ending net deferred tax assets.

NOTE 7 – 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.

Table of Contents

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Engagement of BF Borgers CPA PC

Effective August 11, 2015, we engaged BF Borgers PC (“BF Borgers”) as our principal independent registered public accounting firm, which included audit of the financial statements for fiscal year ended June 30, 2018 and 2017. The decision to change our principal independent registered public accounting firm was approved by our Board of Directors.

The report of BF Borgers on our financial statements for fiscal year ended June 30, 2018 did not contain an adverse opinion or a disclaimer of opinion, nor qualified or modified as to uncertainty, audit scope or accounting principles, other than to state that there is substantial doubt as to our ability to continue as a going concern. During our last fiscal year ended June 30, 2018, there were no disagreements between us and BF Borgers, whether or not resolved, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of BF Borgers, would have caused BF Borgers to make reference thereto in its reports.

ITEM 9A. 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, 2018. 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 fairy 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.

Table of Contents

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error or circumvention through collusion of 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 June 30, 2018. In making its assessment of internal control over financial reporting, management used the criteria set forth by the 2013 Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 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 June 30, 2018, our internal control over financial reporting was not effective.

We have instituted a remediation plan which involves educating our management, our accounting staff, and the administrative staff as to the elements of a completed sale. We will also be establishing an audit committee.

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 period ended June 30, 2018. In connection with such evaluation, there have been no changes to our internal control over financial reporting that occurred since the beginning of our period ended June 30, 2018 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 to remedy such deficiencies.

ITEM 9B. OTHER INFORMATION.

There are no further disclosures.

Table of Contents

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

DIRECTORS AND EXECUTIVE OFFICERS

Effective May 1, 2014, Parsh Patel was appointed as the sole officer and a member of the Board of Directors. Our Board of Directors accepted the resignation from Parsh Patel as our Secretary effective July 27, 2015. Parsh Patel remains as the President/Chief Executive Officer and Treasurer/Chief Financial and a member of the Board of Directors. The Board of Directors simultaneously accepted the consent from and appointed (i) Zhouping Jiao as the Chairman of the Board of Directors; and (ii) Yuehong Yan as the Secretary of the Company. Therefore as of the date of this Annual Report, our Board of Directors is comprised of two members: Parsh Patel and Zhouping Jiao.

The following table includes the names and positions held of our executive officers and directors:

NAME	AGE	POSITION	DIRECTOR SINCE
Parsh Patel	65	President/Chief Executive Officer, Treasurer/Chief Financial Officer and Director	2014
Zhouping Jiao	55	Chairman of the Board of Directors	2015
Yuehong Yan	37	Secretary	2015

Biographies

Parsh Patel. During the past ten years, Mr. Parsh has been involved in the software industry. From November 2010 through July 2011, Mr. Parsh was employed with TR Diagnostics as an engineering supervisor in charge of AGC project management and management of AGV+AGC software development teams. As a program manager, Mr. Parsh: (i) implemented a turnkey medical imaging diagnostic center (www.trdiag.com) and EMR/EHR for provider at Paragon Health, Kalamazoo, Michigan; (ii) integrated RIS system for ultrasound, bone density, mammography and X-ray images with Konica Minolta; and (iii) prepared a customized dashboard to track utilization and various other operational informatics.

Table of Contents

From January 2007 through October 2010, Mr. Parsh was employed at Android Industries as a key member of the senior technical staff and project manager in innovations group. Mr. Parsh's responsibilities included but not limited to: (i) ensuring quality systems performed optimally; (ii) developing prototype of solutions for manufacturing systems upgrades; (iii) engineering systems implementing RF ID products for in-hose use – a turn-key scale systems development life cycle implementation; (iv) engineering systems implementing automated machine visions systems for guidance, QC and error proofing; (v) developing concepts for and feasibility studies for lights out factories; (vi) presenting plans to senior management for consolidation of technology islands; (vii) project management in Spain, Mexico and North America; (ix) project management for various manufacturing, operational and financial applications; and (x) participated in development light AGV system.

From February 2002 through November 2005, Mr. Parsh was employed with Spherion where he worked as a web analyst to DashboardAnywhere (DA) support team. His duties involved assisting internal users to interface to DA, which included design, coding, testing in multiple platforms and eventual migration to production. Other assignments included enhancing search feature of DA, interfacing to external websites fro DA, securing access to external servers for surveys, promotions and other business sites. DA, virtual service Workbench application is designed to be a single source of information about HR at DCX. Mr. Parsh's responsibilities also included researching migration from 3.5 to 4 for Web Sphere, migration of iPlanet to WPS, SiteMinder integration into to DA, generation of demographics information to increase DA usage among group types. He also addressed real-time replication of critical/private data using MQSeries and performance monitoring with OVIS. Mr. Parsh has an exemplary knowledge of LDAP at DCX and customized search facility where he worked with UNIX command set to maintain web and application servers. Tools: Java 2.0, EJB 1.1, JSP 1.0, Servlets 2.1, JDBC 2.0, XML 1.0, XSL, IBM Web Sphere, Visual Age, DB2, some WPS, UDB, Web Sphere Application Developer.

From 1995 through 2002, Mr. Parsh was employed with Knowgen Systems Inc./Phoenix Group Inc. as its chief technology officer. Mr. Parsh's worked over seven years with systems and products for web services, e-commerce initiatives, and application development tools and wireless applications. His responsibilities included supervising engineering management and heading up a team of 25 developers, product quality control, and engineering training and budgeting. Mr. Parsh's specific developments included the following: (i) JODE (Java Object Deployment Environment) – a rapid application development tool for developing small applications using Java components, a true drag and drop programming for GUI, database access, transport mechanism (TCP/IP), data analysis, reporting and visualization, and a full scale web based software development project utilizing granular implementation with SDLC methodology; (ii) KnowPad – development and deployment of logistics support systems utilizing Global Positioning Systems and GSM/SMS communications, which encompassed writing Java based SMS server for mobile devices and desktops; (iii) Silkworm – development of data aggregation tool for mining data from web sites for placement services, which was developed using socket programming in Java and use javax.net, java.io and SQL server; and (iv) asset tracking system – complete design and development of asset tracking utilizing IBM's WebSphere Application Server, DB2 database and Linux operating systems, which was a distributed system with n-tier architecture.

Table of Contents

From 1994 through 1995, Mr. Parsh was employed with Fanuc Robotics as a manager-vision systems. Mr. Parsh was responsible for strategic planning for sensing products for manufacturing automation, in particular vision systems for guidance and quality control. His responsibilities included: (i) procurement of developed hardware; (ii) software development; (iii) market analysis; and (iv) budget and personnel management. He also developed long term contracts for procurement of embedded components for Robots – Q/A, Q/C, contract compliance and serviceability issues.

From 1988 through 1993, Mr. Parsh was employed with Phoenix Software Development Co. as an engineering/business manager. Mr. Parsh was responsible for heading up a team of 70 designers, developers, programmers, testers and administration. Product development included design and commissioning of automation systems for automotive, pharmaceutical, oil and gas monitoring systems. Automotive systems included paint shops, welding shops, material handling and inventory systems. Mr. Parsh was also involved with integrated programmable logic controllers and various plant floor communications systems. He designed and built voice-recognition systems for traversing menu systems for inspection of incoming parts for defects and producing a manifest for resolution. He also designed and built high-speed vision inspections systems for life sciences to include human and animal health care medicine and food products. Mr. Parsh developed products for Allen Bradly PLC3's for high speed communications and automatic fail over of control systems.

From 1985 through 1987, Mr. Parsh was employed with Schlumberger/Sentry Test Systems as a Senior ATE Designer. Mr. Parsh designed automatic test equipment/systems to test 128 pin parts utilizing artificial intelligence and Lisp language, which required knowledge of DSP. From 1984 through 1986, Mr. Parsh was a senior systems engineer at MA/COM Linkabit where he designed and built communication systems for HBO for home set top boxes for the first launch of HBO entertainment channel. From 1979 through 1983, Mr. Parsh was employed at Hughes Helicopters/Hughes Aircraft as a senior SCADA and Automation engineer. Mr. Parsh worked as a designer and developer of high speed supervisory control and data acquisition system (SCADA) for DOD. This system was utilized to develop the advanced attack Apache helicopter. His responsibilities included development of software for real-time flight monitoring and data visualization/analysis requiring special skills for high-speed data gathering, sampling the data and providing guidance to pilots for maneuvering the Apache. From 1977 through 1979, Mr. Parsh was employed at Becton Dickenson/Telemed as a senior real time programmer where he provided engineering expertise to build a real-time system to collect ECG's, perform analysis and return the results back to the hospital/physicians office requiring knowledge of programming telephony software for call switching and accounting. From 1975 through 1977, Mr. Parsh was employed at DTE Energy/Detroit Edison as a systems engineer. Mr. Parsh provided systems engineering to systems operations center for managing the power grid in South Eastern Michigan. His responsibilities included real-time programming and monitoring of power plants and transmission.

Mr. Parsh's skills include the following operating systems: NT Workstation and Server, Windows 9x, MS-DOS, Solaris, Unix, Linux, Palm-OS. His skills further include the following languages: Java, Visual Basic, C, C++, FORTRAN, Lisp. He has worked with the following databases: SQL Server, Microsoft Access. Middleware technologies include: JSP, Servlets, SOAP, XMP, CORBA, RMI-IIOP, RPC, WebSphere Application Server. And, frameworks and tools include IBM VisualAge for Java, Microsoft Visual J++, Sun JDK 1.3, Visual Basic, Visual SourceSafe, Internet Explorer, MS Office Professional.

Mr. Parsh earned a B.S. in Chemistry and Mathematics at Grand Valley State University in 1975. He also holds the patent for high speed image processing (U.S. Patent No. 1,307,346).

Zhouping Jiao. During the past twenty years, Mr. Zhouping has been involved in the clothing industry and the agricultural industry. From 2012 to current date, Mr. Zhouping has been employed as the chief supervisor of Shaanxi Biying Ecological Industrial Development Co., Ltd., where he regularly convenes and presides over the meetings of board of supervisory, inspects the implementation of resolutions, rules and regulations of the company, and gives feedback to the Board of Directors. Mr. Zhouping is also instrumental regarding issues related to senior management personnel, supervises the daily work of departments and makes suggestions to senior management. From approximately 2008 to 2012, Mr. Zhouping was the chief executive officer of Shaanxi Haishi High-Tech Products Sales Co., Ltd., where he was involved in important decision making regarding the company’s operations, vuilt the corporate culture, increased group cohesion and core competitiveness. He was also responsible for selecting products, storing and sales plan and marketing. Mr. Zhouping led the sales team to develop new clients and complete monthly and annual sales milestones and goals.

Table of Contents

From approximately 2004 to 2008, Mr. Zhouping was the vice director in Shaanzi Haishi Venture Capital Co. Ltd., where he was involved in important decision-making regarding the company's operations, provided reforming solutions for operations and management, developed effective operational programs, built the company website. Mr. Zhouping was also responsible for corporate security management. From approximately 1999 to 2004, Mr. Zhouping was the sales manager in a clothing factory where he implemented company policies, completed monthly, quarterly and annual sales targets, organized staffs for training. Mr. Zhouping was also responsible for service work after sales and supervised the quality of sales dealers. From approximately 1993 to 1999, Mr. Zhouping was a salesman in a clothing factory where he was responsible for developing the sales market, implement sales plans according to the market situation and identify and maintain relationships with clients.

Mr. Zhouping earned a Bachelor Degree in Business Administration in 1990 from Xi'an Jiao Tong University.

Yuehong Yan. During the past ten years, Ms. Yuehong has been involved in the administrative and managerial capacities. From June 2012 to current date, Ms. Yuehong has been the assistant to the president of Shaanxi Biying Ecological Industrial Development Co., Ltd., where she is involved in assisting the president's daily administration and management transactions, provides a comprehensive understanding of company operations and operating environment and is responsible to major businesses and public relations activities on behalf of the president. From approximately 2009 to 2012, Ms. Yuehong was an assistant to the president in Shaanxi Haishi High-Tech Products Co. Ltd, where she was involved in important business decision making regarding the company's operations, assisted the president in dailt administration and management transactions, mastered a comprehensive understanding of operational environment and was responsible for major business and public relations activities. From approximately 2005 to 2009, Ms. Yuehong was the assistant to the president in Shaanxi Haishi Venture Capital Co., Ltd., where she assisted the president's daily administration and management transactions and was involved in important decision-making of the company's operations.

Ms. Yuehong earned a Bachelor Degree in 2004 from Xi'an International University.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of our directors, executive officers or control persons has been involved in any of the legal proceedings required to be disclosed in Item 401 of Regulation S-K, during the past five years.

CORPORATE GOVERNANCE MATTERS

Audit Committee

The Board of Directors has not established an audit committee, and the functions of the audit committee are currently performed by our Board of Directors with assistance by expert independent accounting personnel and oversight by the Board of Directors. We are not currently subject to any law, rule or regulation requiring that we establish or maintain an audit committee.

Code of Ethics

We have not adopted a code of ethics for our executive officers, directors and employees. However, our management intends to promote honest and ethical conduct, full and fair disclosure in our reports to the SEC, and compliance with applicable governmental laws and regulations.

Nominating Committee

We have not yet established a nominating committee. Our board of directors, sitting as a board, performs the role of a nominating committee. We are not currently subject to any law, rule or regulation requiring that we establish a nominating committee.

Table of Contents

Compensation Committee

We have not established a compensation committee. Our board of directors, sitting as a board, performs the role of a compensation committee. We are not currently subject to any law, rule or regulation requiring that we establish a compensation committee.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the Commission. Officers, directors and greater than ten percent beneficial owners are required by Commission regulations to furnish us with copies of all forms they file pursuant to Section 16(a). Based solely on our review of the copies of such forms received and written representations from reporting persons required to file reports under Section 16(a), all of the Section 16(a) filing requirements applicable to such persons, with respect to fiscal year ended June 30, 2018, appear to have been complied with to the best of our knowledge.

ITEM 11. EXECUTIVE COMPENSATION.

SUMMARY COMPENSATION TABLE‡

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Nonequity Incentive Plan Compensation ($)	Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Parsh Patel (1)	2018	$ 18,000	-0-	-0-	-0-	-0-	-0-	-0-	18,000
	2017	$ 18,000	-0-	-0-	-0-	-0-	-0-	-0-	18,000

(Chief Executive Officer/President,

Secretary, Treasurer/Chief

Financial Officer and Director)

---

(1) During fiscal years ended June 30, 2018 and June 30, 2017, no cash remuneration was paid to Mr. Patel. Therefore, the amounts of $18,000 for fiscal years ended June 30, 2018 and June 30, 2017 have accrued and remain due and owing.

EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

Parsh Patel

On May 1, 2014, our Board of Directors authorized the execution of that certain employment agreement with Parsh Patel (the "Employment Agreement"). In accordance with the terms and provisions of the Employment Agreement, we shall pay to Mr. Parsh an annual salary of $18,000 and Mr. Parsh shall be responsible for all day-day-to-day operations and board of director decision making.

Table of Contents

DIRECTORS COMPENSATION

No director received compensation for services rendered in any capacity to us during the fiscal years ended June 30, 2018 and June 30, 2017.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Our Articles of Incorporation, as amended and restated, and our Bylaws provide for mandatory indemnification of our officers and directors, except where such person has been adjudicated liable by reason of his negligence or willful misconduct toward the Company or such other corporation in the performance of his duties as such officer or director. Our Bylaws also authorize the purchase of director and officer liability insurance to insure them against any liability asserted against or incurred by such person in that capacity or arising from such person's status as a director, officer, employee, fiduciary, or agent, whether or not the corporation would have the power to indemnify such person under the applicable law.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

We have not established a compensation committee. We are not currently subject to any law, rule or regulation requiring that we establish a compensation committee. During the last fiscal year, Mr. Patel, executive officer, participated in our board of directors' deliberations concerning executive officer compensation.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following tables set forth information as of September 27, 2018 regarding the beneficial ownership of our common stock: (a) each stockholder who holds over 5% of total issued and outstanding common stock; (b) our chief executive officer; and (c) the executive officers and directors as a group. Except as otherwise indicated, all persons listed below have (i) sole voting power and investment power with respect to their shares of stock, except to the extent that authority is shared by spouses under applicable law, and (ii) record and beneficial ownership with respect to their shares of stock. The percentage of beneficial ownership of common stock is based upon 260,983 shares of common stock outstanding as of September 27, 2018.

NAME AND ADDRESS OF OFFICER/DIRECTOR	TITLE OF CLASS	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENT OF SHARES BENEFICIALLY OWNED
Parsh Patel 850 Stephenson Highway, Suite 310 Troy, Michigan 90265	Common	-0-	-0-
Zhouping Jiao 850 Stephenson Highway, Suite 310 Troy, Michigan 90265	Common	80,000	30.65%
Yuehong Yan 850 Stephenson Highway, Suite 310 Troy, Michigan 90265	Common	40,000	15.33%
All Directors and officers as a group 3 person)	Common	120,000	45.98%
NAME AND ADDRESS OF 5% OR GREATER			
The World Financial Holdings Group Co., Ltd. (1)	Common	80,000	30.65%
Shuai Wang C/O #232-2498 #. 41st Ave Vancouver, BC V6M2A7	Common	30,000	11.50%

(1) The sole officer and director of The World Financial Holdings Group Co., Ltd. is Junxiang Yang. The principal address is RM1501-C1, Grand Millennium Plaza (Lower Block), 181 Queen’s Road Central, Hong Kong.

The above table reflects share ownership as of the most recent date. Each share of common stock has one vote per share on all matters submitted to a vote of our shareholders.

Table of Contents

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Other than the Employment Agreement, we do not have any related transactions. We do not have a specific policy or procedure for the review, approval, or ratification of any transaction involving related persons. We historically have sought and obtained funding from officers, directors, and family members as these categories of persons are familiar with our management and often provide better terms and conditions than we can obtain from unassociated sources. Also, we are so small that having specific policies or procedures of this type would be unworkable.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The following table shows the fees paid or accrued for the audit and other services provided by our principal accountant.

		2018	2017
Audit fees	$	10,000	10,000
Audit related fees		-0-	-0-
Tax fees		-0-	-0-
All other fees		-0-	-0-

Audit Fees

Audit fees represent the professional services rendered for the audit of our annual financial statements and the review of our financial statements included in quarterly reports, along with services normally provided by the accountant in connection with statutory and regulatory filings or engagements.

Audit Related Fees

Audit-related fees represent professional services rendered for assurance and related services by the principal accountant that are reasonably related to the performance of the audit or review of our financial statements that are not reported under audit fees.

Tax Fees

Tax fees represent professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning.

All Other Fees

All other fees represent fees billed for products and services provided by the principal accountant, other than the services reported for the other categories.

Table of Contents

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

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

Exhibit Number	Description
(3)	**(i) Articles of Incorporation; and (ii) Bylaws**
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).
(10)	**Material Contracts**
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.
(14)	**Code of Ethics**
14.1	Code of Ethics (incorporated by reference from our Annual Report on Form 10-KSB filed on September 26, 2008).
(31)	**Rule 13a-14(a)/15d-14(a) Certifications**
31.1*	Section 302 Certification under Sarbanes-Oxley Act of 2002
(32)	**Section 1350 Certifications**
32.1*	Section 906 Certification under Sarbanes-Oxley Act of 2002

---

* Filed herewith.

Table of Contents

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on September 28, 2018.

BAYING ECOLOGICAL HOLDING GROUP, INC.

By:*/s/ Parsh Patel*
Parsh Patel
Chief Executive Officer
Principal Executive Officer
Principal Financial Officer
Principal Accounting Officer

Each person who signature appears below appoints Parsh Patel as his or her attorney-in-fact with full power of substitution and re-substitution, to sign any and all amendments to this report on Form 10-K of Baying Ecological Holding Group Inc., and to file them, with all their exhibits and other related documents, with the Securities and Exchange Commission, ratifying and confirming all that their attorney-in-fact and agent or his or her substitute or substitutes may lawfully do or cause to be done by virtue of this appointment. In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Issuer and in the capacities and on the dates indicated:

Name	Title	Date
/s/ Parsh Patel Parsh Patel	Director, Chief Executive Officer and	September 28, 2018
/s/ Zhouping Jiao Zhouping Jiao	Director	September 28, 2018
/s/ Yuehong Yan Yuehong Yan	Secretary	September 28, 2018