

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Wealthy Way Group Limited

富道集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3848)

DISCLOSEABLE TRANSACTION ARRANGEMENTS IN RELATION TO THE FACTORING AGREEMENT AND THE FINANCIAL LEASING AGREEMENT

FACTORING AGREEMENT

On 19 September 2019, CWW Leasing and Customer F entered into the Factoring Agreement (the “**Previous Factoring Agreement**”), pursuant to which, CWW Leasing agreed to provide financing being secured by accounts receivable of Customer F for a period of 3 months from the date of the signing of the Previous Factoring Agreement. Pursuant to the Previous Factoring Agreement, CWW Leasing agreed to provide accounts receivable factoring services for Customer F with non-revolving facility in the factoring principal amount of RMB20,000,000 (equivalent to approximately HK\$22,040,000).

FINANCIAL LEASING AGREEMENT

On 26 September 2019, CWW Leasing and Lessee F enter into the Financial Leasing Agreement. Pursuant to the Financial Leasing Agreement, CWW Leasing acquires the Leased Asset from Lessee F and leases the Leased Asset back to Lessee F for a period of 18 months in return for lease payment.

The Lease Payment under the Financial Leasing Agreement shall include principal of approximately RMB10,000,000 (equivalent to approximately HK\$11,020,000) and interest income from financial leasing (exclusive of VAT) of approximately RMB2,123,000 (equivalent to approximately HK\$2,340,000), calculated based on the interest rate of 20.00% per annum, respectively, totaling approximately RMB12,123,000 (equivalent to approximately HK\$13,360,000).

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Previous Factoring Agreement granted to Customer F under the Previous Factoring Agreement were below 5%, the transaction contemplated under the Previous Factoring Agreement is not subject to the discloseable requirement for the Company under Chapter 14 of the Listing Rules.

As the Previous Factoring Agreement were entered into with Customer F within a 12-month period prior to and inclusive of the date of the Financial Leasing Agreement, the transactions contemplated under the Previous Factoring Agreement and the Financial Leasing Agreement (collectively, the “**Agreements**”) will be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Agreements exceeds 5% but is less than 25%, the transactions contemplated under the Agreements constitutes a discloseable transaction of the Company and the Company shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

On 19 September 2019, CWW Leasing and Customer F entered into the Factoring Agreement (the “**Previous Factoring Agreement**”), pursuant to which, CWW Leasing agreed to provide financing being secured by accounts receivable of Customer F for a period of 3 months, respectively, from the date of the signing of the Previous Factoring Agreement. Pursuant to the Previous Factoring Agreement, CWW Leasing agreed to provide accounts receivable factoring services for Customer F with non-revolving facility in the factoring principal amount of RMB20,000,000 (equivalent to approximately HK\$22,040,000).

On 26 September 2019, CWW Leasing and Lessee F enter into the Financial Leasing Agreement, pursuant to which, CWW Leasing acquires the Leased Asset from Lessee F and leases the Leased Asset back to Lessee F for a period of 18 months. The aggregate lease payment during the lease term (including the principal and the financial leasing interests exclusive of VAT) is approximately RMB2,123,000 (equivalent to approximately HK\$2,340,000) (the “**Lease Payment**”). The estimated value of the Leased Asset amounts to approximately RMB13,107,000 (equivalent to approximately HK\$14,444,000).

To the best knowledge and belief of the Directors, Customer F is an Independent Third Party of the Company.

The following table sets forth the date of the Factoring Agreement and the consideration for accounts receivable:

	Date of relevant Factoring Agreement	Nature of Factoring Agreement	Consideration for accounts receivable	
			<i>RMB</i>	<i>(Equivalent amount in HK\$) (Approximately)</i>
Factoring Agreement	19 September 2019	Non-revolving	<u>20,000,000</u>	<u>22,040,000</u>
Total:			<u>20,000,000</u>	<u>22,040,000</u>

The table below sets forth the details of the Factoring Agreement:

	Principal of Factoring Agreement (exclusive of VAT)	Interest income from Factoring Agreement (exclusive of VAT)	Outstanding principal of Factoring Agreement as at 26 September 2019
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(Equivalent amount in HK\$) (Approximately)</i>	<i>(Equivalent amount in HK\$) (Approximately)</i>	<i>(Equivalent amount in HK\$) (Approximately)</i>
Factoring Agreement	<u>RMB20,000,000 (HK\$22,040,000)</u>	<u>RMB1,132,000 (HK\$1,247,000)</u>	<u>RMB20,000,000 (HK\$22,040,000)</u>
Total:	<u>RMB20,000,000 (HK\$22,040,000)</u>	<u>RMB1,132,000 (HK\$1,247,000)</u>	<u>RMB20,000,000 (HK\$22,040,000)</u>

FACTORING AGREEMENT WITH CUSTOMER F

The principal terms and conditions of the Factoring Agreement are summarized as follows:

Date of agreement: 19 September 2019

Parties: CWW Leasing
Customer F

Financing term:	3 months from the date of signing of the Factoring Agreement (or the date on which the factoring principal amount and factoring expenses are fully settled, whichever is the later)
Transfer of accounts receivable:	Subject to the terms and conditions of the Factoring Agreement, the accounts receivable of Customer F as referred to in the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement shall be transferred to CWW Leasing.
Factoring principal amount:	RMB20,000,000 (equivalent to approximately HK\$22,040,000) in aggregate
Interest rate:	The interest rate of 24% per annum, respectively, subject to adjustment in accordance with applicable benchmark interest rate published by the People's Bank of China
Factoring interest:	The factoring interest shall be payable by Customer F to CWW Leasing on a monthly basis pursuant to the terms of the Factoring Agreement and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement.
Repayment of the factoring principal amount:	The factoring principal amount is repayable upon expiry of the Factoring Agreement pursuant to the terms and conditions of the Factoring Agreement and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement.
Factoring expenses:	<p>The factoring expenses comprise (i) the factoring interest; and (ii) other expenses incurred by CWW Leasing in the course of rendering the accounts receivable factoring services, and shall be payable pursuant to the terms of the Factoring Agreement and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement.</p> <ul style="list-style-type: none"> (i) Customer F failing to properly fulfill the obligations under the Factoring Agreement; (ii) Customer F breaching any of its statements, guarantees or commitments under the Factoring Agreement, or any of such statements, guarantees or commitments is false, untrue, incomplete or misleading; (iii) CWW Leasing being unable to receive the timely payment in full of the accounts receivable by the debtor(s) of Customer F.

The following table sets forth the dates, the leased asset and the consideration for the leased asset of the financial leasing agreements and relevant sale and purchase agreements:

	Date of relevant sale and purchase agreement	Date of Financial Leasing Agreement	Expiry date of Financial Leasing Agreement	Leased asset	Consideration for the leased asset	
					RMB	(Equivalent amount in HK\$) (Approximately)
Financial Leasing Agreement	26 September 2019	26 September 2019	26 March 2021	Leased Asset	10,000,000	11,020,000
Total:					<u>10,000,000</u>	<u>11,020,000</u>

The following table sets forth the details of the Financial Leasing Agreement:

	Principal of financial leasing RMB (Equivalent amount in HK\$) (Approximately)	Interest income from financial leasing (exclusive of VAT) RMB (Equivalent amount in HK\$) (Approximately)	Outstanding principal of financial leasing as at 26 September 2019 RMB (Equivalent amount in HK\$) (Approximately)
Financial Leasing Agreement	RMB10,000,000 <u>(HK\$11,020,000)</u>	RMB2,123,000 <u>(HK\$2,340,000)</u>	RMB10,000,000 <u>(HK\$11,020,000)</u>
Total:	RMB10,000,000 <u>(HK\$11,020,000)</u>	RMB2,123,000 <u>(HK\$2,340,000)</u>	RMB10,000,000 <u>(HK\$11,020,000)</u>

FINANCIAL LEASING AGREEMENT

The principal terms of the Financial Leasing Agreement are summarized as follows:

Parties: CWW Leasing (as the lessor)

Lessee F

Lease term

The Leased Asset is leased from CWW Leasing to Lessee F for a period of 18 months.

Lease Payment

The Lease Payment under the Financial Leasing Agreement shall include principal of approximately RMB10,000,000 (equivalent to approximately HK\$11,020,000) and interest income from financial leasing (exclusive of VAT) of approximately RMB2,123,000 (equivalent to approximately HK\$2,340,000), calculated based on the interest rate of 20.00% per annum, respectively, totaling approximately RMB12,123,000 (equivalent to approximately HK\$13,360,000).

Lessee F shall pay the lease interest to CWW Leasing in accordance with the Financial Leasing Agreement during the lease term by monthly installments, and repay the principal as agreed.

Ownership of the Leased Asset

During the lease term, the ownership of the leased asset shall be vested in CWW Leasing. If Lessee F has properly and fully performed all of its obligations under the Financial Leasing Agreement, upon expiry of the Financial Leasing Agreement, CWW Leasing will transfer the ownership of the asset to Lessee F in consideration of RMB1.

Guarantee

The Guarantor has provided a guarantee in favor of CWW Leasing in respect of all the Lease Payment and default compensations payable by Lessee F to CWW Leasing under the Financial Leasing Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

CWW Leasing's principal activities are to provide financial leasing, financial leasing related factoring and advisory services to customers in the PRC.

The terms of the Agreements are agreed between the parties after arm's length negotiations between the parties on normal commercial terms. The Directors consider that the entering into of the Agreements is in the ordinary and usual course of business of CWW Leasing, and will generate revenue and cash flow from the financial leasing interests received. The consideration to acquire assets under the Agreements was and will be fully financed by the Group's internal resources.

Given the Agreements are entered into in the ordinary and usual course of business of CWW Leasing on normal commercial terms, the Directors are of the view that the terms of the Agreements are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Previous Factoring Agreement granted to Customer F under the Previous Factoring Agreement were below 5%, the transaction contemplated under the Previous Factoring Agreement is not subject to the discloseable requirement for the Company under Chapter 14 of the Listing Rules.

As the Previous Factoring Agreement were entered into with Customer F within a 12-month period prior to and inclusive of the date of the Financial Leasing Agreement, the transactions contemplated under the Agreements will be aggregated as a series of transactions for the Company pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Agreements exceeds 5% but is less than 25%, the transactions contemplated under the Agreements constitutes a discloseable transaction of the Company and the Company shall comply with the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	Wealthy Way Group Limited, a limited liability company incorporated in the Cayman Islands with its issued shares listed on the Main Board of the Stock Exchange
“Customer F” or “Lessee F”	a company established in the PRC with limited liability, which is principally engaged in the investments in the establishment and operation of holding companies
“CWW Leasing”	富道（中國）融資租賃有限公司 (Wealthy Way (China) Leasing Company Limited*), a company incorporated in the PRC as a wholly-foreign-owned enterprise on 5 April 2012 and an indirect wholly-owned subsidiary of our Company
“Director(s)”	the director(s) of the Company
“Factoring Agreement”	The agreement entered into between CWW Leasing and Customer F on 19 September 2019, which was a non-revolving factoring financial agreement, pursuant to which, CWW Leasing agreed to provide financing being secured by accounts receivable of Customer F for a period of 3 months from the date of signing of the agreement, and the financing was settled
“Financial Leasing Agreement”	the agreement entered into between CWW Leasing and Lessee F on 26 September 2019, pursuant to which, CWW Leasing will acquire the Leased Asset I from Lessee F and lease it back to Lessee F
“Group”	the Company and its subsidiaries as at the date of this announcement

“Guarantor”	an Independent Third Party
“HK\$”	the Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company who is not a connected person (as defined under the Listing Rules) of the Company, and is independent from and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Leased Asset”	A batch of fixed property assets
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	the ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	value added tax

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.102. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

On behalf of the Board
Wealthy Way Group Limited
LO Wai Ho
Chairman and Executive Director

Hong Kong, 26 September 2019

As at the date of this announcement, the Board comprises Mr. LO Wai Ho and Ms. CHAN Shuk Kwan, Winnie as the executive Directors; Mr. XIE Weiquan as the non-executive Director; and Mr. HA Tak Kong, Mr. IP Chi Wai and Ms. HUNG Siu Woon Pauline as the independent non-executive Directors.

* For identification purposes only