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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 FACILITY AGREEMENT,
THE FACTORING AGREEMENT AND THE FINANCIAL LEASING AGREEMENT**

THE FACTORING FACILITY AGREEMENT AND THE FACTORING AGREEMENT

On 19 September 2019, CWW Leasing and Customer F entered into a factoring agreement (the “**Previous Factoring Agreement**”), pursuant to which, CWW Leasing agreed to provide financing secured by accounts receivable of Customer F for a term 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\$22,426,000), which has been fully settled.

On 10 January 2020, CWW Leasing and Customer F enter into a non-revolving factoring facility agreement, the Factoring Facility Agreement, pursuant to which, CWW Leasing agreed to provide an aggregate factoring facility up to RMB20,000,000 (equivalent to approximately HK\$22,426,000) for a term of 12 months from the date of the signing of the Factoring Facility Agreement.

On 10 January 2020, CWW Leasing and Customer F enter into the Factoring Agreement, pursuant to which, CWW Leasing agreed to provide facility secured by accounts receivable of Customer F for a term of 12 months from the date of the signing of the Previous Factoring Agreement. Pursuant to the 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\$22,426,000).

FINANCIAL LEASING AGREEMENT

On 26 September 2019, CWW Leasing and Lessee F entered into the Financial Leasing Agreement (the “**Previous Financial Leasing Agreement**”). Pursuant to the Previous Financial Leasing Agreement, CWW Leasing acquired the Leased Asset from Lessee F and leased the Leased Asset back to Lessee F for a term of 18 months in return for lease payment.

The lease payment under the Previous Financial Leasing Agreement shall include principal of approximately RMB10,000,000 (equivalent to approximately HK\$11,213,000) and interest income from financial leasing (exclusive of VAT) of approximately RMB2,123,000 (equivalent to approximately HK\$2,378,000), calculated based on the interest rate of 20.00% per annum, respectively, totaling approximately RMB12,123,000 (equivalent to approximately HK\$13,593,000).

IMPLICATIONS UNDER THE LISTING RULES

As the Previous Factoring Agreement and the Previous Leasing Agreement were entered into with Customer F within a 12-month period prior to and inclusive of the date of the Factoring Facility Agreement and the Factoring Agreement II, the transactions contemplated under the Previous Factoring Agreement, the Previous Leasing Agreement, the Factoring Facility Agreement and the Factoring Agreement II (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 a Factoring Agreement I (the “**Previous Factoring Agreement**”), pursuant to which, CWW Leasing agreed to provide financing facility secured by accounts receivable of Customer F for a term 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\$22,426,000), which has been fully settled.

On 10 January 2020, CWW Leasing and Customer F enter into a non-revolving factoring facility agreement, the Factoring Facility Agreement, pursuant to which, CWW Leasing agrees to provide an aggregate factoring facility up to RMB20,000,000 (equivalent to approximately HK\$22,426,000) to Customer F for a period of 12 months from the date of signing of the Factoring Facility Agreement.

On 10 January 2020, CWW Leasing and Customer F entered into the Factoring Agreement II, pursuant to which, CWW Leasing agreed to provide financing facility secured by accounts receivable of Customer F for a term of 12 months from the date of the signing of the Factoring Agreement. Pursuant to the Factoring Agreement II, 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\$22,426,000).

On 26 September 2019, CWW Leasing and Lessee F entered into the Financial Leasing Agreement (the “**Previous Financial Leasing Agreement**”), pursuant to which, CWW Leasing acquired the Leased Asset from Lessee F and leases the Leased Asset back to Lessee F for a term of 18 months. The aggregate lease payment during the lease term (including the principal and the financial leasing interests exclusive of VAT) was approximately RMB2,123,000 (equivalent to approximately HK\$2,378,000) (the “**Lease Payments**”). The estimated value of Leased Asset amounted to approximately RMB13,107,000 (equivalent to approximately HK\$13,593,000).

To the best knowledge and belief of the Directors, Customer F is an independent third party to the Company.

The following table sets forth the respective date of these Factoring Agreements and the consideration for accounts receivable:

Factoring Agreement	Date of relevant Factoring Agreement	Nature of Factoring Agreement	Consideration for accounts receivable	
			RMB	(Equivalent amount in HK\$) (Approximately)
I	19 September 2019	Non-revolving and fully settled	20,000,000	22,426,000
II	10 January 2020	Non-revolving	<u>20,000,000</u>	<u>22,426,000</u>
	Total		<u><u>40,000,000</u></u>	<u><u>44,852,000</u></u>

The table below sets forth the details of each of the Factoring Agreements:

Factoring Agreement	Principal amount of the Factoring Agreement (exclusive of VAT) RMB (Equivalent amount in HK\$) (Approximately)	Interest income from the Factoring Agreement (exclusive of VAT) RMB (Equivalent amount in HK\$) (Approximately)	Outstanding principal amount of the Factoring Agreement as at 10 January 2020 RMB (Equivalent amount in HK\$) (Approximately)
I	RMB20,000,000 (HK\$22,426,000)	RMB1,132,000 (HK\$1,269,000)	RMB0 (HK\$0)
II	RMB20,000,000 <u>(HK\$22,426,000)</u>	RMB4,270,000 <u>(HK\$4,788,000)</u>	RMB24,270,000 <u>(HK\$27,214,000)</u>
Total:	RMB40,000,000 <u>(HK\$44,852,000)</u>	RMB5,402,000 <u>(HK\$6,057,000)</u>	RMB24,270,000 <u>(HK\$27,214,000)</u>

THE FACTORING FACILITY AGREEMENT WITH CUSTOMER F

The principal terms of the non-revolving Factoring Facility Agreement are set out as follows:

Date of agreement:	10 January 2020
Parties:	CWW Leasing Customer F
Financing term:	12 months from the date of signing of the Factoring Facility 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 non-revolving Factoring Facility Agreement, the accounts receivable of Customer F as referred to in the underlying transaction documents entered into between the parties pursuant to the Factoring Facility Agreement shall be transferred to CWW Leasing.
Factoring principal amount:	RMB20,000,000 (equivalent to approximately HK\$22,426,000)

Interest rate: The interest rate of 24% per annum, subject to adjustment in accordance with applicable benchmark interest rate published by the People's Bank of China

FACTORING AGREEMENTS WITH CUSTOMER F

The principal terms of the Factoring Agreements are similar with each other. The principal terms and conditions of the Factoring Agreements are summarized as follows:

Date of agreement: 19 September 2019 (Factoring Agreement I)

10 January 2020 (Factoring Agreement II)

Parties: CWW Leasing

Customer F

Financing term: 3 months and 12 months, respectively from the date of signing of the Factoring Agreement I and the Factoring Agreement II (or the date on which the factoring principal amount and factoring expenses are fully settled, whichever is later)

Transfer of accounts receivable: Subject to the terms and conditions of the Factoring Agreement I and the Factoring Agreement II, 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 assigned to CWW Leasing.

Factoring principal amount: RMB20,000,000 (equivalent to approximately HK\$22,426,000) in aggregate (Factoring Agreement I)

RMB20,000,000 (equivalent to approximately HK\$22,426,000) in aggregate (Factoring Agreement II)

Interest rate: The interest rates are 24% and 24% per annum, respectively, subject to adjustment in accordance with applicable benchmark interest rate as published by the People's Bank of China

Factoring interests: Pursuant to the terms of the Factoring Agreement I and the Factoring Agreement II and the underlying transaction documents entered into between the parties under the Factoring Agreement, the factoring interests shall be payable by Customer F to CWW Leasing on a monthly basis.

Repayment of the factoring principle amount: Pursuant to the terms and conditions of the Factoring Agreement I and the Factoring Agreement II and the underlying transaction documents entered into between the parties under the Factoring Agreement I and the Factoring Agreement II, the factoring principal amount is repayable upon expiry of the Factoring Agreement I and the Factoring Agreement II.

Factoring expenses: The factoring expenses comprises (i) the factoring interests; and (ii) other expense incurred by CWW Leasing in the course of providing the accounts receivable factoring services, and shall be payable pursuant to the terms of the Factoring Agreement I and the Factoring Agreement II and the underlying transaction documents entered into between the parties under the Factoring Agreement I and the Factoring Agreement II.

- (i) Customer F failing to duly perform the obligations under the Factoring Agreement I and the Factoring Agreement II;
- (ii) Customer F breaching any of its statements, warranties or undertakings under the Factoring Agreement I and the Factoring Agreement II, or any of such statements, warranties or undertakings is false, untrue, incomplete or misleading;
- (iii) CWW Leasing being unable to timely receive the payment in full of the accounts receivable from the debtor(s) of Customer F.

The following table sets forth the respective dates, the leased asset and the consideration for the leased assets of the Previous Financial Leasing Agreement 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 assets <i>RMB</i> <i>(Equivalent amount in HK\$)</i> <i>(Approximately)</i>	
Financial Leasing Agreement	26 September 2019	26 September 2019	26 March 2021	Leased Asset	10,000,000	11,213,000
					<hr/>	<hr/>
Total:					<u>10,000,000</u>	<u>11,213,000</u>

The table below sets forth the details of each of the Previous Financial Leasing Agreement:

	Principal amount of financial leasing <i>RMB</i> <i>(Equivalent amount in HK\$)</i> <i>(Approximately)</i>	Interest income from the financial leasing (exclusive of VAT) <i>RMB</i> <i>(Equivalent amount in HK\$)</i> <i>(Approximately)</i>	Outstanding principal of financial leasing as at 10 January 2020 <i>RMB</i> <i>(Equivalent amount in HK\$)</i> <i>(Approximately)</i>
Financial Leasing Agreement	RMB10,000,000 <u>(HK\$11,213,000)</u>	RMB2,123,000 <u>(HK\$2,378,000)</u>	RMB9,500,000 <u>(HK\$10,652,000)</u>
Total:	RMB10,000,000 <u><u>(HK\$11,213,000)</u></u>	RMB2,123,000 <u><u>(HK\$2,378,000)</u></u>	RMB9,500,000 <u><u>(HK\$10,652,000)</u></u>

FINANCIAL LEASING AGREEMENT

Each of the Financial Leasing Agreement contains similar principal terms to each other. The principal terms of the Financial Leasing Agreement are summarized as follows:

Parties: CWW Leasing (as the lessor)

Lessee F (under the Financial Leasing Agreement)

Lease term

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

Lease Payments

The Lease Payments under the Previous Financial Leasing Agreement shall include principal of approximately RMB10,000,000 (equivalent to approximately HK\$11,213,000) and interest income from financial leasing (exclusive of VAT) of approximately RMB2,123,000 (equivalent to approximately HK\$2,378,000), calculated at interest rate of 20.00% per annum respectively, totaling approximately RMB12,123,000 (equivalent to approximately HK\$13,593,000).

Lessee F shall pay the lease interests 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 lease assets

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

Guarantee

The Guarantor has provided a guarantee in favor of CWW Leasing in respect of all Lease Payments 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 after arm's length negotiations between the parties on normal commercial terms. The Directors consider that the entering into of the Agreements are 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 the assets under the Agreements was and will be financed by the Group's internal resources.

Given the Agreements are entered into in the ordinary and usual course of business of the 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 Previous Factoring Agreement and the Previous Leasing Agreement were entered into with Customer F within a 12-month period prior to and inclusive of the date of the Factoring Facility Agreement and the Factoring Agreement II, the transactions contemplated under the Previous Factoring Agreement, the Previous Leasing Agreement, the Factoring Facility Agreement and the Factoring Agreement II (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.

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 the Company
“Director(s)”	the director(s) of the Company
“Factoring Facility Agreement”	on 10 January 2020, CWW Leasing and Customer E entered into a factoring facility agreement (an agreement for non-revolving factoring facility for financial leasing), pursuant to which, CWW Leasing agreed to provide a lump sum factoring facility in relation to the financial leasing for Customer F with maximum amount of RMB20,000,000 (equivalent to approximately HK\$22,426,000) in total for a term of 12 months from the date of the signing of the Factoring Agreement
“Factoring Agreement I”	the agreement entered into between CWW Leasing and Customer F on 19 September 2019, which was a non-revolving factoring agreement for financial leasing, pursuant to which, CWW Leasing agreed to provide financing facility secured by accounts receivable of Customer F for a term of 3 months from the date of the signing of the agreement, which has been fully settled
“Factoring Agreement II”	the agreement entered into between CWW Leasing and Customer F on 10 January 2020, which is a non-revolving factoring agreement for financial leasing, pursuant to which, CWW Leasing agreed to provide financing facility secured by accounts receivable of Customer F for a term of 12 months from the date of the signing of the agreement

“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 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 of 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) 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\$1.1213. 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, 10 January 2020

As at the date of this announcement, the Board comprises Mr. LO Wai Ho, Ms. CHAN Shuk Kwan Winnie and Mr. XIE Wei-quan as executive Directors; and Mr. HA Tak Kong, Mr. IP Chi Wai and Mr. KAM Wai Man as independent non-executive Directors.

** For identification purposes only*