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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 AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF THE REMAINING 45% EQUITY
INTERESTS IN A NON-WHOLLY OWNED SUBSIDIARY**

Financial adviser to the Company

AmCap

Ample Capital Limited

豐盛融資有限公司

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



THE ACQUISITION

On 24 April 2020 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Agreement with, among others, the Vendors and the Guarantor. Pursuant to the Agreement, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 45% equity interests in the Target Company at the Consideration of RMB180,000,000, which shall be settled by cash. The Guarantor has also agreed to warrant and guarantee to the Purchaser the due performance by Hengfeng Investment and by the Target Company of all their obligations under the Agreement and the transactions contemplated thereunder.

As at the date of this announcement, the Target Company is a non-wholly owned subsidiary of the Company and is owned as to 55% by the Purchaser through its direct wholly-owned subsidiary, CWW Leasing, 41.75% by Hengfeng Investment, 1.625% by Party A and 1.625% by Party B.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will continue to be consolidated into the consolidated financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

As Hengfeng Investment is owned as to 80% by the Guarantor, who is Mr. Lo's sibling and Mr. Xie's uncle, each of Hengfeng Investment and the Guarantor is a connected person of the Company. Since Party A is a director of the Target Company, Party A is a connected person of the Company at the subsidiary level pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules which is subject to the reporting, announcement and Independent Shareholders' approval requirements. An Independent Board Committee, comprising all the independent non-executive Directors, will be established to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has appointed Alpha Financial Group Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

The EGM will be held to consider and, if thought fit approve the Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (a) further details of the Agreement; (b) the letter of recommendation from the Independent Board Committee to the Independent Shareholders; (c) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (d) the notice of the EGM, is expected to be despatched to the Shareholders on or before 26 May 2020.

Since Completion is subject to the fulfillment of the conditions as set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

On 24 April 2020 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Agreement with, among others, the Vendors and the Guarantor. Pursuant to the Agreement, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 45% equity interests in the Target Company at the Consideration of RMB180,000,000.

THE AGREEMENT

Date: 24 April 2020 (after trading hours)

Parties: (1) the Vendors, being Hengfeng Investment, Party A and Party B;
(2) the Purchaser;
(3) the Guarantor; and
(4) the Target Company.

Subject matter to be acquired

Pursuant to the Agreement, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 45% equity interests in the Target Company, subject to the terms and conditions of the Agreement. As at the date of this announcement, the Target Company is a non-wholly owned subsidiary of the Company and is owned as to 55% by the Purchaser through its direct wholly-owned subsidiary, CWW Leasing, 41.75% by Hengfeng Investment, 1.625% by Party A and 1.625% by Party B. As at the date of this announcement, Hengfeng Investment is owned as to 80% by the Guarantor.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will continue to be consolidated into the consolidated financial statements of the Group.

Consideration

The Consideration shall be RMB180,000,000, which shall be settled in the following manner:

- (a) RMB10,000,000, being the initial deposit of the Consideration, shall be payable to Hengfeng Investment in cash within 30 Business Days upon signing of the Agreement; and
- (b) the remaining balance of the Consideration in the sum of RMB170,000,000 of which RMB157,000,000 shall be payable to Hengfeng Investment, RMB6,500,000 shall be payable to Party A and RMB6,500,000 shall be payable to Party B in cash within 180 Business Days upon Completion.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendors with reference to, among others, the net asset value of the Target Company of approximately RMB395,329,000 as at 31 December 2019.

The initial deposit of the Consideration under the Agreement will be funded by the Group's internal resources. It is the current intention of the Company that the remaining balance of the Consideration will be funded by the Group's internal resources and/or equity fundraising and/or other financing methods as the Directors may deem appropriate at the relevant time. The Company may seek a specific mandate from its shareholders for the sole purpose of funding the remaining balance of the Consideration when the need arises.

Conditions precedent

Completion is conditional upon the following conditions being satisfied or (if applicable) waived by the Purchaser on or before the Long Stop Date:

- (a) this announcement having been published, and the circular in relation to the Acquisition having been despatched by the Company as required under the Listing Rules, and no objection having been raised by the Stock Exchange against the Acquisition;
- (b) the passing by the Independent Shareholders at the EGM to be convened and held of the necessary ordinary resolution(s) to approve the Acquisition and the transactions contemplated thereunder;
- (c) the due incorporation and subsistence of the Target Company, and fully paid up of its share capital; and the Target Company's possession of all necessary approvals, permits and licences issued by the relevant government authorities in respect of its incorporation, business operation and change in shareholding;
- (d) the provision of all the aforesaid approvals, permits and licences of the Target Company by the Vendors, including but not limited to the approval letters respectively issued by 深圳市人民政府金融發展服務辦公室 (Shenzhen Municipal Government Financial Development Services Office*) and 深圳市市場監督管理局 (The Market Supervision Administration of Shenzhen Municipality*) in relation to the changes of shareholding and directors in the Target Company as a result of the Acquisition; and
- (e) the warranties provided by the Vendors under the Agreement remaining true, accurate and complete in all material respects.

If the above conditions have not been fulfilled or waived (as the case may be) on or before the Long Stop Date, the Agreement shall be terminated and Hengfeng Investment shall immediately upon termination of the Agreement refund the initial deposit of RMB10,000,000 received to the Purchaser, whereupon the relevant rights and obligations under the Agreement shall have no further force and effect and no party to the Agreement shall have any liability under them (without prejudice to the rights of the parties to the Agreement in respect of any antecedent breaches).

Guarantee

The Guarantor has agreed to warrant and guarantee to the Purchaser the due performance by Hengfeng Investment and the Target Company of all their obligations under the Agreement and the transactions contemplated thereunder.

Completion

Completion shall take place on the fifth (5th) Business Day following the day on which all conditions set out in the section headed “Conditions precedent” above are fulfilled or waived by the Purchaser (as the case may be).

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will continue to be consolidated into the consolidated financial statements of the Group.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability on 26 May 2009. It is a financial institution primarily engaged in the provision of small loans to its customers. The Target Company is under the supervision of, and granted a small loan company license by 深圳市人民政府金融發展服務辦公室 (Shenzhen Municipal Government Financial Development Services Office*).

As at the date of this announcement, the Target Company is a non-wholly owned subsidiary of the Company and is owned as to 55% by the Purchaser through its direct wholly-owned subsidiary, CWW Leasing, 41.75% by Hengfeng Investment, 1.625% by Party A and 1.625% by Party B.

Set below is the audited financial information of the Target Company for the two years ended 31 December 2018 and 2019:

	For the year ended	
	31 December	
	2018	2019
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	23,628	19,458
Profit after taxation	7,894	11,320

The audited net asset value of the Target Company as at 31 December 2019 was approximately RMB395,329,000.

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Group is principally engaged in (i) provision of financial leasing, factoring and financial advisory services, small loans and related loan facilitation services in the PRC; and (ii) provision of investment management and advisory services, securities dealing and broking services and money lending business in Hong Kong.

INFORMATION ON THE VENDORS

Hengfeng Investment is a company established in the PRC with limited liability and is principally engaged in, among others, investment holding and property investment and development. As at the date of this announcement, Hengfeng Investment is owned as to 80% by the Guarantor and 20% by two individuals who are Independent Third Parties. As Hengfeng Investment is owned as to 80% by the Guarantor, who is Mr. Lo's sibling and Mr. Xie's uncle, each of Hengfeng Investment and the Guarantor is a connected person of the Company. Since Party A is a director of the Target Company, Party A is a connected person of the Company at the subsidiary level pursuant to Rule 14A.07(1) of the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Party B is an Independent Third Party and Party B is a private investor who does not hold any position in the Target Company and has over ten years of experience in the banking and finance industry.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company which will enable the Group to consolidate its ownership in the Target Company to 100% and all of the directors of the Target Company could be appointed by the Group. Therefore, the Group can enhance its control and management over the Target Company for smoother management and quicker decision-making on the Target Company. The Directors (other than the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser) considers this would facilitate better implementation of the operating philosophies and strategies of the Company into the Target Company. As such, stronger synergies will be created within the Group. Also, the Target Company recorded a considerable increase in profit after taxation for the year ended 31 December 2019, as compared to the corresponding period in 2018. Hence, the Acquisition is expected to improve the results attributable to the Group and the overall Shareholders' return.

Taking into consideration the reasons for and benefit of the Acquisition to the Group, the Directors (other than the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser) are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole. The Directors (other than the independent non-executive

Directors who will express their view after receiving advice from the Independent Financial Adviser) are also of the view that the terms of the Agreement, including the Consideration which have been reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As Hengfeng Investment is owned as to 80% by the Guarantor, who is Mr. Lo's sibling and Mr. Xie's uncle, each of Hengfeng Investment and the Guarantor is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the Board meeting held to approve the Agreement, Mr. Lo and Mr. Xie, who are family members of the Guarantor, were considered to be interested in the Acquisition, and have abstained from voting on the relevant Board resolutions relating to the Agreement and the transactions contemplated thereunder. Apart from the aforesaid, none of the Directors has any material interest in the Acquisition and is required to abstain from voting on the Board resolutions approving the Agreement and the transactions contemplated thereunder. An Independent Board Committee, comprising all the independent non-executive Directors, will be established to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement and reporting requirements in the Listing Rules.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has appointed Alpha Financial Group Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular containing, among other things, (a) further details of the Agreement; (b) the letter of recommendation from the Independent Board Committee to the Independent Shareholders; (c) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (d) the notice of the EGM, is expected to be despatched to the Shareholders on or before 26 May 2020.

Since Completion is subject to the fulfillment of the conditions as set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement shall have the following meanings:

“Acquisition”	the acquisition of 45% equity interests in the Target Company under the Agreement
“Agreement”	the agreement dated 24 April 2020 and entered into among the Vendors, the Purchaser, the Target Company and the Guarantor for the sale and purchase of the 45% equity interests in the Target Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors from time to time
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Wealthy Way Group Limited (富道集團有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3848)
“Completion”	completion of the Acquisition in accordance with the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB180,000,000, being the consideration for the Acquisition under the Agreement
“CWW Leasing”	富道(中國)融資租賃有限公司 (Wealthy Way (China) Leasing Company Limited*), a company established in the PRC as a wholly foreign-owned enterprise and a direct wholly-owned subsidiary of the Purchaser
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to approve, among other things, the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries

“Guarantor”	Mr. Lu Nuanpei (盧暖培), who is Mr. Lo’s sibling and Mr. Xie’s uncle, a connected person of the Company
“Hengfeng Investment”	深圳市恒豐投資集團有限公司 (Shenzhen Hengfeng Investment Group Limited*) (formerly known as 廣東恒豐投資集團有限公司 (Guangdong Hengfeng Investment Group Limited*)), a company established in the PRC with limited liability, who holds 41.75% equity interests in the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, the members of which comprise all the independent non-executive Directors, will be established to advise the Independent Shareholders with respect to the Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Alpha Financial Group Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee, and the Independent Shareholders on the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Mr. Lo, Mr. Xie, Wealthy Rise and their respective associates
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2020, or such other date as the Purchaser and the Vendors may agree in writing
“Mr. Lo”	Mr. Lo Wai Ho (盧偉浩), the chairman of the Board and an executive Director
“Mr. Xie”	Mr. Xie Weiquan (謝偉全), an executive Director
“Party A”	Mr. Lei Ting (雷霆), who holds 1.625% equity interests in the Target Company and is a director of the Target Company. Therefore, Party A is a connected person of the Company at the subsidiary level pursuant to Rule 14A.07(1) of the Listing Rules

“Party B”	Ms. Kang Jing (康靜), who holds 1.625% equity interests in the Target Company and is an Independent Third Party
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Wealthy Way International Finance Limited (富道國際金融有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Shares
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳市浩森小額貸款股份有限公司 (Shenzhen Haosen Credit Joint Stock (Limited) Company*), a non-wholly owned company of the Company established in the PRC with limited liability
“Vendors”	collectively, Hengfeng Investment, Party A and Party B
“Wealthy Rise”	Wealthy Rise Investment Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lo
“%”	per cent.

By Order of the Board
Wealthy Way Group Limited
Lo Wai Ho
Chairman and Executive Director

Hong Kong, 24 April 2020

As at the date of this announcement, the Board comprises Mr. Lo Wai Ho, Ms. Chan Shuk Kwan, Winnie and Mr. Xie Weiquan 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*