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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 ENTERING INTO CREDITOR'S RIGHTS TRANSFER AGREEMENT

THE ASSIGNMENT OF CREDITOR'S RIGHTS

On 16 March 2021, the Assignor entered into the Agreement with the Assignee, pursuant to which the Assignor agreed to sell and assign, and the Assignee agreed to purchase and be assigned the Creditor's Rights at the Consideration of RMB131.0 million.

LISTING RULES IMPLICATIONS

As one or more applicable ratios of the transactions under the Assignment of the Creditor's Rights and the entering into the Agreement are higher than 5% but less than 25%, the disposal of the creditor's rights of those non-performing debts and the entering into the Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUNDS

Pursuant to the Financial Leasing Agreement I and Financial Leasing Agreement II, the Assignor (which is an indirect wholly-owned subsidiary of the Company) had acquired Leased Assets of RMB550.0 million from the Borrower and leased back to the Borrower bearing interest at a rate of 5.15%, 5.13% per annum in 2015 and 2016, respectively. As at the date of this announcement, the Borrower failed to repay in total of around RMB74.8 million on time.

On 1 February 2021, the Assignor became aware that the Borrower had received a notice for debt restructuring and reorganisation filed by its debtors to Hainan Higher People's Court* (海南省高級人民法院). For details, please refer to the previous announcement of the Company on 1 February 2021.

THE ASSIGNMENT OF CREDITOR'S RIGHTS

On 16 March 2021, the Assignor entered into the Agreement with the Assignee, pursuant to which the Assignor agreed to sell and assign, and the Assignee agreed to purchase and be assigned the Creditor's Rights and ancillary rights totalled approximately RMB211.9 million at the Consideration of RMB131.0 million.

The principal terms of the Agreement are summarised as follows:

Date	:	16 March 2021
Assignor	:	CWW Leasing, an indirect wholly owned subsidiary of the Company
Assignee	:	Shenzhen Shi Da Guang Xing Supply Chain Management Company Limited* (深圳市達廣興供應鏈管理有限公司), a company incorporated in Shenzhen, the PRC with limited liability, which the ultimate beneficial owner is Lu Guang Jian* (盧廣健), an Independent Third Party
Creditor's Rights	:	The Assignor's rights, ancillary rights, titles and benefits generated from the Leased Assets set forth in the Financial Leasing Agreement I and Financial Leasing Agreement II
Consideration	:	RMB131.0 million, which shall be paid by the Assignee to the Assignor by cash. The consideration was determined after arm's length negotiations between the parties with reference to the duration of the income rights and the likelihood of successful recovery
Completion	:	The Assignment of Creditor's Rights shall be taken into effect after the Assignor receiving all the Consideration. Settlement of the Consideration took place immediately after entering into the Agreement

INFORMATION ABOUT THE ASSIGNOR

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

INFORMATION ABOUT THE ASSIGNEE

The Assignee is a company incorporated in Shenzhen, the PRC with limited liability, which the ultimate beneficial owner is Lu Guang Jian* (盧廣健), which is principally engaged in investment holding company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Assignee is an Independent Third Party of the Company and its connected person.

REASONS FOR AND BENEFITS OF THE ASSIGNMENT OF CREDITOR'S RIGHTS

The Assignor has sought legal advice from its legal advisers as to PRC laws on possible enforcement proceedings against the Borrower and the Guarantor and the chance of success of recovering the Debt from the Borrower and the Guarantor. In view of the economic and the airline industry uncertainties posed by COVID-19, the current market value of the Leased Assets would not be able to sufficiently cover the Debt.

Based on the information available to the Directors as of the date of this announcement, it appeared to the Directors that the Borrower and the Guarantor might not have sufficient means to repay the Debt even if the Assignor eventually succeeds in the enforcement proceedings. The time for the completion of debt restructuring and reorganisation of the Borrower is uncertain. The enforcement proceedings will take lengthy time and involve additional legal cost to the Group.

Given the uncertainties of the Borrower in the repayment timing and amounts of the Debt, the Assignment of Creditor's Rights will enable the Group to realise cash resources from these non-performing assets immediately upon completion of the Agreement. The Directors are of the view that the Assignment of Creditor's Rights represents an opportunity for the Group to fully utilise this cash flow which is expected to be used to repay the corresponding outstanding bank loan in relation to the financial leasing agreements. In addition, the realisation of cash resources from the completion of the Agreement is expected to efficiently reduce the finance cost to be incurred. The terms of the Agreement and the consideration was arrived at after arm's length negotiation between the Assignor and the Assignee having considered, among other things, the marketability and the likelihood of successful recovery of the Debt which may involve lengthy legal proceedings. The Board is of the view that the terms of the Agreement and the Assignment of Creditor's Rights are on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ASSIGNMENT OF CREDITOR'S RIGHTS

Upon successful transfer of the Creditor's Rights, it is expected to recognise additional expected credit losses on these financial leasing receivables at amortised cost of approximately RMB80.9 million, representing the difference between the Consideration from the Assignment of Creditor's Rights of RMB131.0 million and the aggregate carrying value of the Debt of approximately RMB211.9 million as at the date of this announcement. The financial performance of the Group during the year ended 31 December 2020 is expected to have been adversely affected due to this additional provision of expected credit losses on the Debt. The Group intends currently to use the proceeds as repayment of bank loans.

LISTING RULES IMPLICATIONS

As one or more applicable ratios of the transactions under the Assignment of the Creditor's Rights and the entering into the Agreement are higher than 5% but less than 25%, the disposal of the creditor's rights of those non-performing debts and the entering into the Agreement constitute a discloseable transaction under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreement”	the agreement to assign the Creditor's Rights dated 16 March 2021 and entered into between the Assignor and Assignee in respect of the Assignment of Creditor's Rights
“Assignee”	Shenzhen Shi Da Guang Xing Supply Chain Management Company Limited* (深圳市達廣興供應鏈管理有限公司), a company incorporated in Shenzhen, the PRC with limited liability, which the ultimate beneficial owner is Lu Guang Jian* (盧廣健), an Independent Third Party
“Assignment of Creditor's Rights”	the transaction contemplated under the Agreement
“Assignor”	CWW Leasing
“Board”	the board of Directors of the Company
“Borrower”	Grand China Air Co., Ltd* (大新華航空有限公司), a company incorporated in the PRC with limited liability and a private airline operator based in Hainan Province, the PRC, which is the largest shareholder of a Hainan airline operator listed on The Shanghai Stock Exchange and an Independent Third Party
“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
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB131.0 million, being the total consideration payable by the Assignee to the Assignor for the Assignment of Creditor's Rights

“Creditor’s Rights”	the Assignor’s rights, ancillary rights, titles and benefits of the Debt
“CWW Leasing”	Wealthy Way (China) Leasing Company Limited* (富道(中國)融資租賃有限公司), 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
“Debt”	the amount of Financial Leasing receivables accrued on the Loan from the date of the Financial Leasing Agreement I and Financial Leasing Agreement II. As at the date of this announcement, the carrying book value is approximately RMB211.9 million
“Director(s)”	the director(s) of the Company
“Financial Leasing Agreement I”	the agreement entered into between CWW Leasing and the Borrower on 28 July 2015, pursuant to which, CWW Leasing acquired the Leased Assets from the Borrower and leased back to the Borrower
“Financial Leasing Agreement II”	the agreement entered into between CWW Leasing and the Borrower on 6 December 2016, pursuant to which, CWW Leasing acquired the Leased Assets from the Borrower and leased back to the Borrower
“Group”	the Company and its subsidiaries
“Guarantor”	HNA Group, Co., Ltd.* (海航集團有限公司), a company incorporated in the PRC as a limited company on 16 April 1998 and a service provider in aviation, hospitality, tourism and catering and an investor in the Borrower, and an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party”	any individual or company not being the connected persons (as defined under the Listing Rules) of the Company, independent of the Company and its connected persons (as defined under the Listing Rules) and not connected with them

“Leased Assets”	16 Aircraft Engines in total as the collateral under the Financial Leasing Agreement I and Financial Leasing Agreement II
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	loan amounting to RMB550 million in total granted by the Assignor to the Borrower in 2015 and 2016 pursuant to the Financial Leasing Agreement I and Financial Leasing Agreement II
“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
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	the ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 16 March 2021

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*