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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)**

## **SUPPLEMENTAL ANNOUNCEMENT**

Reference is made to the announcement (the “**Announcement**”) of Wealthy Way Group Limited (the “**Company**”) dated 16 March 2021. Unless otherwise indicated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide further that the Consideration was determined after arm’s length negotiation with the Assignee with reference to the valuation of the Creditor’s Rights on both Financial leasing Agreement I and Financial Leasing Agreement II of approximately RMB146.2 million (Financial Leasing Agreement I of approximately RMB87.3 million and Financial Leasing Agreement II of approximately of RMB58.9 million, respectively) by an independent valuer.

As detailed in the basis considered by the independent valuer, weighting of different scenarios of income rights (whether to be treated as existing contract to be fulfilled or treated as dismissed contract which affects if any guarantee would be given in the contracts) and the likelihood of various recovery outcomes depending on the potential court judgements (whether approval of recovery of leased assets had been obtained prior to debt restructure) have been considered into the valuation on the Creditor’s Rights, together with the valuation on the current market value of the Leased Assets.

The current market value of the Leased Assets was based on the valuation prepared by the independent valuer under the cost method considering, among other things, (i) the original acquisition cost; (ii) the depreciation; (iii) the cash-realisation ratio of the Leased Assets and (iv) insufficient demand for commercial aviation related equipment in current airline market, the valuation of the Leased Assets prepared by the independent valuer amounted to approximately RMB104.4 million, which is lower than the Consideration.

As advised by the legal advisers as to PRC laws, the usual duration of enforcement proceedings will take over a year to conclude and the duration of the potential case against the Borrower will be of extra uncertainties, due to the high number of debtors of the Borrower and the Guarantor and the number of subsidiaries under the Borrower and the Guarantor being over 300.

The Board is of the view that even should the Assignor be able to succeed in the enforcement proceedings, the Borrower and the Guarantor might not have the sufficient means to repay the Debt as their financial position is weak and as such the likelihood of a recovery of the full amount of the carrying book value of the Debt is remotely low.

In addition, one of the banks has already issued a notice for the respective bank loan of Financial Leasing Agreement I in early March 2021, the balance of which is RMB142.4 million, requiring the Company to undertake the relevant repayment obligations and liabilities in accordance with the loan contract and to maintain the liquidity and credibility of the Company and the important conditions of the Company's operation in the industry. Regarding the amount of finance cost of approximately RMB12.3 million to be incurred in 2021 to 2023 for the Financial Leasing Agreement I and Financial Leasing Agreement II, the Board is of the view that the early repayment of the relevant bank loans would enable the saving of the majority of such finance cost of approximately RMB9.8 million. As the Borrower and the Guarantor may not be able to repay to us in accordance with the original repayment schedule to us in view of the notice of Debt Structuring and Reorganisation filed, the Group is in need to search for liquidity to arrange for such repayments to the bank by other means.

The Board understands that (i) the Consideration of RMB131 million is higher than that of the current market value of the Leased Assets; taking up of the Consideration offer will enable the Company to (ii) avoid extra legal and administrative cost for potential legal processes and finance cost in relation to the respective loan from the banks; and (iii) avoid further uncertainty in relation to the Debt which may result in the failure to recover the Debt in the amount more than that of the Consideration.

After taking into account of all the qualitative and quantitative effects of the aforementioned factors, the Company had used its best endeavours to minimise the loss arising and mitigate the risk associated with the Financial Leasing Agreement I and Financial Leasing Agreement II. The Board is of the view that the taking up of the Consideration of RMB131 million for the Creditor's Right is fair and reasonable and is in the interests of the Company and its shareholders as a whole.

Save as disclosed above, all other information as disclosed in the Announcement remain unchanged.

By order of the Board  
**Wealthy Way Group Limited**  
**LO Wai Ho**  
*Chairman and Executive Director*

Hong Kong, 29 March 2021

*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.*