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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)**

### **ANNOUNCEMENT FOR THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “Board”) of directors (the “Directors”) of Wealthy Way Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021 as follows:

#### **UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b>RMB’000</b>	<b>RMB’000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	5	<b>49,154</b>	55,499
Other income		<b>8,152</b>	9,217
Employee benefit expenses		<b>(8,703)</b>	(11,865)
Depreciation		<b>(1,321)</b>	(1,700)
Other operating expenses		<b>(7,506)</b>	(10,861)
Allowance for expected credit losses (“ECL”) on loan and account receivables, net		<b>(10,241)</b>	10,644
Finance cost	6	<b>(9,446)</b>	(14,513)
<b>Profit before income tax</b>	7	<b>20,089</b>	36,421
Income tax expense	8	<b>(3,777)</b>	(9,289)
<b>Profit for the period</b>		<b>16,312</b>	27,132

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period attributable to:</b>			
		<b>16,312</b>	19,646
		–	7,486
		<b>16,312</b>	<b>27,132</b>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
		<b>(3,892)</b>	19
<i>Item that will not be reclassified to profit or loss:</i>			
		<b>(4,915)</b>	<b>(3,590)</b>
<b>Total comprehensive income for the period, net of income tax</b>		<b>7,505</b>	<b>23,561</b>
<b>Total comprehensive income for the period attributable to:</b>			
		<b>7,505</b>	16,075
		–	7,486
		–	<b>23,561</b>
Earnings per share attributable to equity holders of the Company ( <i>RMB cents</i> ):			
Basic	10	<b>10.44</b>	12.63
Diluted	10	<b>10.44</b>	12.52

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		<b>30 June 2022</b>	31 December 2021
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,290</b>	1,681
Right-of-use assets		<b>3,114</b>	3,063
Intangible assets		<b>3,203</b>	3,202
Financial assets at FVOCI		<b>8,128</b>	38,085
Other assets		<b>406</b>	387
Loan and account receivables	11	<b>261,389</b>	288,545
Prepayments, deposits and other receivables		<b>322</b>	309
Deferred tax assets		<b>52,653</b>	52,440
		<b>330,505</b>	387,712
<b>Current assets</b>			
Loan and account receivables	11	<b>366,925</b>	306,120
Prepayments, deposits and other receivables		<b>687</b>	752
Cash and cash equivalents		<b>116,739</b>	100,200
Tax recoverable		<b>137</b>	1,301
		<b>484,488</b>	408,373
<b>Current liabilities</b>			
Account payables	12	<b>16,764</b>	16,408
Deposits from financial leasing customers		<b>4,920</b>	3,189
Accruals and other payables		<b>39,854</b>	32,704
Amounts due to related parties		<b>668</b>	641
Lease liabilities		<b>2,043</b>	1,656
Dividend payable		<b>876</b>	818
Bond payable		<b>17,626</b>	16,301
Bank and other borrowings	13	<b>100,205</b>	99,202
Tax payable		<b>1,215</b>	655
		<b>184,169</b>	171,574
<b>Net current assets</b>		<b>300,319</b>	236,799
<b>Total assets less current liabilities</b>		<b>630,824</b>	624,511

	<i>Notes</i>	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Deposits from financial leasing customers		–	4,125
Lease liabilities		<b>1,252</b>	1,536
Bank and other borrowings	13	–	–
Promissory note		<b>81,011</b>	77,793
		<hr/> <b>82,263</b> <hr/>	<hr/> 83,454 <hr/>
<b>Net assets</b>		<b>548,561</b>	541,057
<b>EQUITY</b>			
Share capital	14	<b>1,358</b>	1,358
Reserves		<b>547,203</b>	539,699
		<hr/> <b>548,561</b> <hr/>	<hr/> 541,057 <hr/>
<b>Total equity attributable to equity holders of the Company</b>		<b>548,561</b>	541,057
<b>Non-controlling interests</b>		<hr/> – <hr/>	<hr/> – <hr/>
<b>Total equity</b>		<b>548,561</b>	541,057
		<hr/> <b>548,561</b> <hr/>	<hr/> 541,057 <hr/>



*For the six months ended 30 June 2021*

	Share capital	Proposed final dividend <sup>#</sup>	Share premium <sup>#</sup>	Share-based payment reserve <sup>#</sup>	Exchange reserve <sup>#</sup>	Other reserve <sup>#</sup>	Statutory surplus reserve <sup>#</sup>	FVOCI reserve <sup>#</sup>	Retained profits <sup>#</sup>	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2021</b>	1,349	-	227,853	6,136	(813)	239,883	47,821	5,453	(24,432)	503,250	170,626	673,876
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	-	19,646	19,646	7,486	27,132
Other comprehensive expenses:												
Exchange differences arising on translating foreign operations	-	-	-	-	19	-	-	-	-	19	-	19
Fair value loss on financial assets at FVOCI	-	-	-	-	-	-	-	(3,590)	-	(3,590)	-	(3,590)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>(3,590)</b>	<b>19,646</b>	<b>16,075</b>	<b>7,486</b>	<b>23,561</b>
Transactions with the equity holders of the Company:												
Equity settled share options payment	-	-	-	80	-	-	-	-	-	80	-	80
Share options lapsed	-	-	-	(604)	-	-	-	-	604	-	-	-
Issue of shares upon exercise of share options	4	-	2,271	(188)	-	-	-	-	-	2,087	-	2,087
	4	-	2,271	(712)	-	-	-	-	604	2,167	-	2,167
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,665)	(2,665)
<b>At 30 June 2021 (unaudited)</b>	<b>1,353</b>	<b>-</b>	<b>230,124</b>	<b>5,424</b>	<b>(794)</b>	<b>239,883</b>	<b>47,821</b>	<b>1,863</b>	<b>(4,182)</b>	<b>521,492</b>	<b>175,447</b>	<b>696,939</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2022*

## 1. CORPORATE INFORMATION

Wealthy Way Group Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 10 December 2015 and its shares have been listed on the Main Board of the Exchange (the “Stock Exchange”) (the “Listing”) by way of placing and public offer of shares (the “Share Offer”) on 21 July 2017. The registered office of the Company changed from P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands to P.O. Box 1350, Regatta Office Park, Windward 3, Grand Cayman KY1-1108, Cayman Islands, effective from 16 December 2020. The Company’s principal place of business is at Room 02, 34/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are (i) provision of financial leasing, factoring and financial advisory services in the People’s Republic of China (the “PRC”); (ii) provision of small loans and related loan facilitation services in the PRC; and (iii) provision of investment management and advisory services, securities dealing and broking services and other financial services in Hong Kong. In the opinion of the directors of the Company, the ultimate holding company of the Group is Wealthy Rise Investment Limited (“Wealthy Rise”), a company incorporated in the British Virgin Island (“BVI”) which is wholly owned by Mr. Lo Wai Ho (“Mr. Lo”).

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of the Stock Exchange.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing the condensed consolidated financial statements, the significant judgement made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

The condensed consolidated financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2021, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, HKAS and Interpretation issued by the HKICPA.

The condensed consolidated financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair values. The condensed consolidated financial statements are presented in Renminbi (“RMB”). All values are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated financial statements are unaudited but has been reviewed by the Company’s audit committee.

### 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following new or amendments to HKFRSs effective for the accounting period beginning on or after 1 January 2022:

Amendment to AG 5	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 4. SEGMENT INFORMATION

HKFRS 8, Operating Segments, required identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the chief operating decision maker (the "CODM") of the Group, being the executive directors of the Company, for the purpose of resources allocation and performance assessment.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- |   |  |
|---|--|
| (i) Finance lease and factoring related services                  | – provision of (a) direct finance leasing; (b) sale-leaseback; (c) factoring; and (d) related advisory services in the PRC |
| (ii) Micro credit and loan facilitation related services          | – provision of (a) micro credit; and (b) loan facilitation related services in the PRC                                     |
| (iii) Securities dealing and broking and other financial services | – provision of securities brokerage, share placing and margin financing and other financial services in Hong Kong          |

The Group's operating segments are strategic business units that offer different services. They are managed separately because each business requires different marketing strategies.

## Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the six months ended 30 June 2022 (Unaudited)	Finance lease and factoring related services <i>RMB'000</i>	Micro credit and loan facilitation related services <i>RMB'000</i>	Securities dealing and broking and other financial services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue				
External income	<u>1,974</u>	<u>44,725</u>	<u>2,455</u>	<u>49,154</u>
Segment results	<u>7,333</u>	<u>19,615</u>	<u>1,295</u>	28,243
Unallocated corporate income				–
Unallocated corporate expenses				<u>(8,154)</u>
Profit before income tax				20,089
Income tax expense				<u>(3,777)</u>
				<u>16,312</u>
For the six months ended 30 June 2021 (Unaudited)	Finance lease and factoring related services <i>RMB'000</i>	Micro credit and loan facilitation related services <i>RMB'000</i>	Securities dealing and broking and other financial services <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue				
External income	<u>11,492</u>	<u>41,358</u>	<u>2,649</u>	<u>55,499</u>
Segment results	<u>4,670</u>	<u>39,522</u>	<u>1,951</u>	46,143
Unallocated corporate income				–
Unallocated corporate expenses				<u>(9,722)</u>
Profit before income tax				36,421
Income tax expense				<u>(9,289)</u>
				<u>27,132</u>

Segment results represents profit earned by or loss incurred from each segment without allocation of certain other income and certain other operating expenses. This is the measure reported to the CODM of the Company, for the purposes of resources allocation and assessment of segment performance. There were no inter-segment sales for the period.

## Segment assets and liabilities

The following is an analysis of the Group's segment assets and segment liabilities by operating and reportable segment:

As at 30 June 2022 (Unaudited)	Finance lease and factoring related services <i>RMB'000</i>	Micro credit and loan facilitation related services <i>RMB'000</i>	Securities dealing and broking and other financial services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	<u>157,040</u>	<u>550,813</u>	<u>40,605</u>	748,458
Deferred tax assets				52,653
Financial assets at FVOCI				8,128
Tax recoverable				137
Unallocated corporate assets				<u>5,615</u>
Consolidated total assets				<u><u>814,993</u></u>
Segment liabilities	<u>15,890</u>	<u>118,576</u>	<u>17,271</u>	151,737
Tax Payable				1,215
Promissory note				81,011
Bond payable				17,074
Unallocated corporate liabilities				<u>15,394</u>
Consolidated total liabilities				<u><u>266,432</u></u>

As at 31 December 2021	Finance lease and factoring related services <i>RMB'000</i>	Micro credit and loan facilitation related services <i>RMB'000</i>	Securities dealing and broking and other financial services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	<u>118,337</u>	<u>537,270</u>	<u>44,554</u>	700,161
Deferred tax assets				52,440
Financial assets at FVOCI				38,085
Tax recoverable				1,301
Unallocated corporate assets				<u>4,428</u>
Consolidated total assets				<u><u>796,085</u></u>
Segment liabilities	<u>12,453</u>	<u>115,688</u>	<u>17,000</u>	145,141
Tax payable				655
Promissory note				77,793
Bond payable				16,301
Unallocated corporate liabilities				<u>15,138</u>
Consolidated total liabilities				<u><u>255,028</u></u>

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than financial assets at FVOCI, deposits for acquisition of investment properties, deferred tax assets and unallocated corporate assets.
- All liabilities are allocated to operating segments other than contingent consideration payable, promissory note, bond payable, tax payable and unallocated corporate liabilities.

### Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets other than financial instruments and deferred tax assets, is presented based on the geographical location of the assets.

	Revenue from external customers for the six months ended 30 June		Non-current assets as at	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
The PRC	<u>46,699</u>	52,850	<u>1,734</u>	2,304
Hong Kong	<u>2,455</u>	<u>2,649</u>	<u>5,871</u>	<u>5,642</u>
	<u><u>49,154</u></u>	<u><u>55,499</u></u>	<u><u>7,605</u></u>	<u><u>7,946</u></u>

## 5. REVENUE

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<i>Point in time</i>		
– Commission and brokerage income from securities dealing	<b>463</b>	944
– Placing and underwriting service income	–	–
– Financial advisory services income		
– Financial leasing advisory services income	–	1,340
– Other financial advisory service income	<b>1,680</b>	–
<i>Over time<sup>#</sup></i>		
– Post loan facilitation service income	<b>1,059</b>	9,316
	<b>3,202</b>	11,600
Revenue from other sources*		
– Interest income from financial leasing	<b>1,964</b>	6,837
– Interest income from factoring	<b>10</b>	3,045
– Interest income from small loans	<b>43,666</b>	32,312
– Interest income from margin financing	<b>171</b>	515
– Interest income from other loans	<b>141</b>	1,190
	<b>45,952</b>	43,899
Total revenue	<b>49,154</b>	55,499

\* Interest income were calculated using the effective interest income according to HKFRS 9. All the interest income disclosed in the above came from financial assets not at fair value through profit or loss (“FVPL”).

# The Group applies the practical expedient in paragraph 21 of HKFRS 15 and does not disclose information about remaining performance obligation that have original expected duration of one year of less.

## 6. FINANCE COST

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	3,891	8,584
Interest on lease liabilities	113	139
Interest on bond payable	567	1,290
Interest on promissory note	4,875	4,500
	<u>9,446</u>	<u>14,513</u>

## 7. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Auditor's remuneration	144	107
Depreciation charged on:		
– property, plant and equipment	454	525
– right-of-use assets	867	1,175
	1,321	1,700
Employee benefit expenses (including directors' remuneration)		
– Salaries, allowances and benefits in kind	7,657	10,218
– Retirement benefit scheme contributions	1,046	1,599
– Equity settled share-based payment	–	48
	8,703	11,865
Equity settled share-based payment		
– Employee benefit expenses	–	48
– Referral fees/consultancy fees	65	32
	65	80
Commission paid	5,232	1,598
Operating lease expense	378	35
Bad debts written off/(recovery) of loan and account receivables, net	(1,200)	–
	<u>(1,200)</u>	<u>–</u>

## 8. INCOME TAX EXPENSE

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
The charge comprises:			
Current tax for the period			
– PRC Enterprise Tax (“EIT”)	(c)	1,472	3,608
– Hong Kong profits tax	(d)	–	–
Deferred tax expense/(credit)		<u>2,304</u>	<u>5,681</u>
		<u><b>3,776</b></u>	<u><b>9,289</b></u>

### Notes:

- (a) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.
- (b) Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax under these jurisdictions.
- (c) PRC EIT is calculated at 25% (the six months ended 30 June 2021(unaudited): 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for two subsidiaries of the Company as mentioned below:

In accordance with relevant laws and regulations in the PRC, enterprises established in the Qianhai Shenzhen-Hong Kong Modern Services Industry Cooperation Zone (“Zone”) are eligible for a reduced EIT rate of 15%, provided that the enterprise is engaged in projects that fall within the Catalogue for EIT Preferential Treatments. One of the subsidiaries is entitled to the 15% preferential tax rate for the years 2018 to 2020. During the year ended 31 December 2021, this subsidiary was approved to be a high and new technology enterprises (“HNTE”). HNTE is entitled to enjoy a reduced enterprise income tax rate of 15% and additional 75% tax reduction based on the eligible research and development expenses with a validity period of three years from 11 December 2020 to 10 December 2023.

Besides, according to the Notice on Implementing the Policy of Inclusive Tax Relief for Small and Micro Enterprises (“SMEs”), released by the Ministry of Finance on January 2021, qualified SMEs with annual taxable income below RMB1 million per year entitled to a preferential EIT rate of 10% on 25% of their income. Whereas, qualified SMEs with taxable income from RMB1 to 3 million entitled to a preferential EIT rate of 10% on 50% of their income, one of the subsidiaries is entitled to the preferential tax rate for the years 2020 to 2021. Such preferential policy is extended to 2022.

- (d) No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2022 (the six months ended 30 June 2021 (unaudited): Nil).

## 9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2022 (six months ended 30 June 2021 (unaudited): Nil).

## 10. EARNINGS PER SHARE

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	<b>16,312</b>	19,646
Weighted average number of ordinary shares for the purpose of basic earnings per share (in '000)	<b>156,583</b>	155,528
Effect of dilutive potential ordinary shares – share options (in '000)	–	1,398
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in '000)	<b>156,583</b>	156,926

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. The calculation of share options is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the six months ended 30 June 2021, the conversion of potential ordinary shares in relation to the share option has a dilutive effect to the basic earnings per share.

## 11. LOAN AND ACCOUNT RECEIVABLES

		As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Financial leasing receivables	(a)	7,217	9,635
Small loans receivables	(c)	<u>256,037</u>	<u>280,598</u>
		<b>263,254</b>	290,233
Less: Allowance for ECLs		<u>(1,865)</u>	<u>(1,688)</u>
		<u><b>261,389</b></u>	<u>288,545</u>
<b>Current assets</b>			
Financial leasing receivables	(a)	81,146	68,663
Factoring loan receivables	(b)	24,010	–
Small loan receivables	(c)	286,184	263,911
Other loan receivables	(d)	7,828	3,266
Account receivables	(e)	<u>5,843</u>	<u>7,208</u>
		<b>405,012</b>	343,048
Less: Allowance for ECLs		<u>(38,087)</u>	<u>(36,928)</u>
		<u><b>366,925</b></u>	<u>306,120</u>
Total loan and account receivables, net		<u><b>628,314</b></u>	<u><b>594,665</b></u>

*Notes:*

### (a) Financial leasing receivables

For financial leasing receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, and must acquire the leased assets at the end of the lease period. The period for financial leasing contract are normally ranging from 0.3 to 3 years (31 December 2021: 8 months to 3 years).

The Group's financial leasing receivables are denominated in RMB which is the functional currency of the relevant group entity. The effective interest rates of the finance leases range from 7.93% to 21.1% (31 December 2021: 9.91% to 21.1%) per annum as at 30 June 2022.

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Financial leasing receivables comprise of:				
Within one year	83,193	71,283	81,146	68,410
More than one year but not exceeding two years	7,393	9,658	7,217	9,357
More than two years but not exceeding three years	–	517	–	531
	<u>90,586</u>	<u>81,458</u>	<u>88,363</u>	<u>78,298</u>
Less: Unearned finance income	<u>(2,223)</u>	<u>(3,160)</u>	<u>–</u>	<u>–</u>
Present value of minimum lease payments	<u><b>88,363</b></u>	<u>78,298</u>	<u><b>88,363</b></u>	<u>78,298</u>

Financial leasing receivables are mainly secured by the leased assets which are equipment and machinery used in real estate, manufacturing, construction and hotel. Additional collateral may be obtained from customers to secure their repayment obligations under financial leasing and such collateral include vehicle licence.

As at 30 June 2022, the financial leasing receivables were collateralised by the leased assets with fair values of approximately RMB111,402,347 (31 December 2021: approximately RMB147,848,000).

The following is a credit quality analysis of financial leasing receivables. In the event that an instalment repayment is overdue, the entire outstanding balance of financial leasing receivables is classified as overdue.

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Neither overdue nor credit-impaired	54,539	36,281
Overdue but not credit-impaired		
– overdue within 30 days	4,451	4,621
– overdue within 31 to 90 days	2,666	11,022
Overdue and credit-impaired	<u>26,708</u>	<u>26,374</u>
	<u><b>88,363</b></u>	<u>78,298</u>

**(b) Factoring loan receivables**

The credit period granted to each of the customers is generally for a period of 0.8 to 1 year (31 December 2021: Nil). The effective interest rate of the above factoring loan receivables is 8% (31 December 2021: Nil) per annum as at 30 June 2022.

As at 30 June 2022, the factoring loan receivables were collateralised by the customers' accounts receivables with fair value of approximately RMB32,052,000 (31 December 2021: Nil).

The ageing analysis of the Group's factoring loan receivables, as of each reporting date, based on the maturity date set out in the relevant contracts:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
0 to 30 days	–	–
31 to 90 days	–	–
91 to 365 days	<b>24,010</b>	–
	<hr/>	<hr/>
	<b>24,010</b>	–
	<hr/> <hr/>	<hr/> <hr/>

The following is a credit quality analysis of factoring loan receivables. In the event that an instalment repayment is overdue, the entire outstanding balance of factoring loan receivables is classified as overdue.

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Neither overdue nor credit-impaired	<b>24,010</b>	–
Overdue but not credit-impaired		
– overdue within 30 days	–	–
– overdue within 31 days to 90 days	–	–
Overdue and credit-impaired	–	–
	<hr/>	<hr/>
	<b>24,010</b>	–
	<hr/> <hr/>	<hr/> <hr/>

(c) **Small loan receivables**

It primarily represented the micro-credit loans and guaranteed loans granted to the customers of which a net receivable of approximately RMB329.8 million was from second mortgage market. The loan periods granted to each of the customers is generally for a period of 3 months to 5 years (31 December 2021: 4 months to 5 years). The effective interest rate of the above small loans receivables is ranging from 8% to 27.72% (31 December 2021: 6% to 27.7%) per annum as at 30 June 2022.

As at 30 June 2022, certain loan receivables are mainly secured by (i) real estates such as buildings with fair values of approximately RMB3,330,786,250 (31 December 2021: real estates such as buildings with fair values of approximately RMB2,776,295,000).

The ageing analysis of the Group's small loan receivables, as of each reporting date, based on the maturity date set out in the relevant contracts:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
0 to 30 days	<b>23,639</b>	50,534
31 to 90 days	<b>17,225</b>	32,583
91 to 365 days	<b>229,320</b>	180,794
Over 365 days	<b>272,037</b>	280,598
	<b>542,221</b>	544,509

The following is a credit quality analysis of small loan receivables. In the event that an instalment repayment is overdue, the entire outstanding balance of small loan receivables is classified as overdue.

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Neither overdue nor credit-impaired	<b>508,529</b>	516,301
Overdue but not credit-impaired		
– overdue within 30 days	<b>7,812</b>	2,554
– overdue within 31 to 90 days	<b>5,921</b>	5,520
Overdue and credit-impaired	<b>19,960</b>	20,134
	<b>542,221</b>	544,509

**(d) Other loan receivables**

It represented the unsecured loans granted to the customers. The loan periods granted to each of customers is generally for a period of 1 year (31 December 2021: 1 year). The effective interest rate of the above other loan receivables is 6% (31 December 2021: 6%) per annum as at 30 June 2022.

The ageing analysis of the Group's other loan receivables, as of each reporting date, based on the maturity date set out in the relevant contracts:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
0 to 30 days	–	–
31 to 90 days	–	–
91 to 365 days	<b>7,828</b>	<b>3,266</b>

The following is a credit quality analysis of other loan receivables. In the event that an instalment repayment is overdue, the entire outstanding balance of other loan receivables is classified as overdue.

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Neither overdue nor credit-impaired	<b>7,828</b>	<b>3,266</b>

(e) **Account receivables**

Balances comprise receivables in respect of securities dealing and broking services and loan facilitation services, represented as follows:

		<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Account receivables from securities dealing and broking services:			
	i		
– Hong Kong Securities Clearing Company Limited (“HKSCC”)		–	2,628
– Cash clients		–	–
– Margin clients		<u>4,627</u>	<u>3,276</u>
		<b>4,627</b>	5,904
Account receivables from loan facilitation services	ii	<u>1,216</u>	<u>1,304</u>
		<b>5,843</b>	7,208
Less: Allowance for ECLs		<u>(1,209)</u>	<u>(1,274)</u>
Total account receivables, net		<u><b>4,634</b></u>	<u><b>5,934</b></u>

*Notes:*

- i. Account receivables from cash clients and securities clearing houses arising from securities dealing business are repayable on demand subsequent to the settlement date. The normal settlement terms of said account receivables are, in general, two days after trade date. The Group allows a credit period mutually agreed with the contracting parties for receivables from margin clients.

No ageing analysis by invoice date is disclosed for account receivables from securities dealing business as, in the opinion of the Directors, an ageing analysis is not meaningful in view of the business nature.

- ii. Balances comprise receivables in respect of financial advisory and loan facilitation services. The account receivables are recognised when the services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Revenue from such services is recognised based on the price stipulated in the contracts. No element of financing is deemed present as the services are made with a credit period not more than one week after revenue recognition.

The ageing analysis of the Group's account receivables from loan facilitation services, as of each reporting date, based on the maturity date set out in the relevant contracts:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
0 to 30 days	–	1,304
31 to 90 days	–	–
91 to 365 days	–	–
Over 365 days	<b>1,209</b>	–
	<b>1,209</b>	<b>1,304</b>

The following is a credit quality analysis of account receivables from loan facilitation services. In the event that an instalment repayment is overdue, the entire outstanding balance of account receivables is classified as overdue.

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Neither overdue nor credit-impaired	–	–
Overdue but not credit-impaired		
– overdue within 30 days	–	10
– overdue within 31 to 90 days	–	21
Overdue and credit-impaired	<b>1,209</b>	1,273
	<b>1,209</b>	<b>1,304</b>

Except for receivables from margin clients, the Group does not hold any collateral or other credit enhancements over these balances.

The Directors consider that the fair values of current portion of loan receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception. The fair value of the non-current portion of loan receivables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. As such, the amortised cost of the non-current portion approximates its fair value.

## 12. ACCOUNT PAYABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
HKSCC	405	1
Cash clients	5,975	5,448
Margin clients	10,384	10,959
	<u>16,764</u>	<u>16,408</u>

Account payables arising from securities dealing business are interest-free and repayable on the settlement day of the relevant trades.

The normal settlement terms of account payables to cash clients and securities clearing house are two days after trade date.

Account payables to HKSCC, margin clients and cash clients are repayable on demand after settlement date. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

## 13. BANK AND OTHER BORROWINGS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Bank borrowings – secured*:		
Within one year	100,205	99,202
More than one year, but not exceeding two years	–	–
More than two years, but not exceeding five years	–	–
Other loans – unsecured:		
Within one year	–	–
	<u>100,205</u>	<u>99,202</u>
Less: Amount shown under current liabilities	<u>(100,205)</u>	<u>(99,202)</u>
Amount shown under non-current liabilities	<u>–</u>	<u>–</u>

\* The amounts due are based on scheduled repayment dates set out in the respective loan agreements.

As at 30 June 2022, the effective interest rates of the Group's secured bank borrowings were 7.86% (31 December 2021: 7.86%) per annum.

As at 30 June 2022, the bank borrowings amounting to approximately RMB100,205,000 (31 December 2021: RMB99,202,000) were secured by charges over one property with fair value of approximately RMB79,170,022 (31 December 2021: approximately RMB82,245,000) (which is jointly owned by Mr. Lo and his wife) and one property with fair value of approximately RMB32,038,965 (31 December 2021: RMB35,100,000) (which is owned by Mr. Lu Qing Ming, nephew of Mr. Lo) and jointly guaranteed by a related company, which Mr. Lu, Mr. Lo's sibling is the controlling party and Mr. Lu, with an aggregate amount up to RMB100,000,000 (31 December 2021: RMB100,000,000).

## 14. SHARE CAPITAL

### Authorised and issued share capital

	Number of ordinary shares	Amount HK\$'000
Ordinary Shares of HK\$0.01 of each		
<b>Authorised:</b>		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	<u>20,000,000,000</u>	<u>200,000</u>
	Number of ordinary shares	Amount RMB'000
<b>Issued and fully paid:</b>		
At 1 January 2021	155,523,000	1,349
Issue of share upon exercise of share options ( <i>note a</i> )	<u>1,060,000</u>	<u>9</u>
At 31 December 2021, 1 January 2022 and 30 June 2022	<u>156,583,000</u>	<u>1,358</u>

#### Note:

- (a) During the year ended 31 December 2021, 1,060,000 share options were exercised at the exercise price of HK\$6.12 (equivalent to RMB5.44) per share. The total cash consideration received from the issuance 1,060,000 shares was approximately RMB5,766,000, of which approximately RMB9,000 was credited to issued share capital and the remaining balance of approximately RMB5,757,000 was credited to the share premium account. In addition, amount attributable to the related share options of RMB487,000 has been transferred from share option reserve to the share premium account. All the shares issued during the year ended 31 December 2021 rank pari passu with the then existing shares in all respects.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

The macro environment in the PRC was still subject to many uncertainties in the first half of 2022. The outbreak of the COVID-19 pandemic (“COVID-19”) continued to have an impact on the Chinese economies. In China, the economy continued to be hit hard by sporadic COVID-19 cases, hence it is still in the process of adjustment and recovery. In the said reporting period, revenue of the Group was mainly derived from financial leasing interest income, loan facilitation service income, loan interest income and advisory services income, which accounted for approximately RMB1.9 million, RMB1.0 million, RMB43.6 million, RMB1.6 million of the total revenue of the Group, respectively.

In the first half of 2022, the Company adjusted its business strategy in response to the economic environment and the impact brought about by the COVID-19 pandemic. In relation to its financial leasing and factoring business, in view of the economic uncertainties posed by COVID-19, the Company is constantly adjusting relevant human resources based on the changes of the market environment, such that the optimized allocation of resources can allow us to enhance our operational efficiency. Our leasing and factoring business is in the process of adjustment, hence there may be a significant decline in the relevant business revenue. In relation to our small loan business, the Company has focus on the real estate products involving second mortgages in the Shenzhen market. In this year, the market situation of the real estate industry had changed seriously. Based on the relevant policy changes, the Company will adjust business strategies in relation to our small loan business, so as to maintain our share in Shenzhen’s second mortgage loan market. The Group’s securities dealing business mainly refers to the provision of securities dealing services to customers in Hong Kong through Grand Partners Securities Limited, a wholly-owned subsidiary of the Company.

The management will continue to pay attention to the impact of relevant factors on our business operations and enhance relevant risk management measures. The provision of finance leasing, factoring and advisory services to various customers and the provision of small loans to individual customers and other small private companies will allow us to expand our customer base. The Group will also provide flexible financing services to potential customers of different sizes in various industries.

## FINANCIAL REVIEW

The following discussion and analysis pertains to the financial information of the Group.

### Revenue

The Group's revenue was derived from (i) interest income from financial leasing; (ii) interest income from factoring; (iii) financial leasing related advisory services income; (iv) other financial advisory services income; (v) loan facilitation service income; (vi) interest income from small loans and other loans; (vii) commission and brokerage income from security dealing; and (viii) interest income from margin financing. The Group's financial leasing services include sale-leaseback as well as direct financial leasing.

The revenue recorded a decrease by approximately RMB6.4 million, or approximately 11.5%, from approximately RMB55.5 million for the six months ended 30 June 2021 to approximately RMB49.1 million for the six months ended 30 June 2022. The decrease was mainly resulted from the slowdown of the economy in the PRC under the impact of COVID-19 resulting in less new origination of financial leasing contracts from our small and medium enterprises customers. For the six months ended 30 June 2022, the interest income from financial leasing contributed approximately RMB2.0 million with a significant drop (for the six months ended 30 June 2021: approximately RMB6.8 million). The interest income from financial leasing related factoring contributed approximately RMB0.1 million for the period ended 30 June 2022 with a drop of approximately RMB2.9 million, or approximately 96.7% (for the six months ended 30 June 2021: approximately RMB3.0 million).

The Group's advisory services mainly include financial leasing advisory services, and other financial advisory services, which contributed at aggregate of approximately RMB1.7 million for the period ended 30 June 2022 (for the six months ended 30 June 2021: approximately RMB1.3 million). Moreover, the Group continued to provide loan facilitation service which contributed approximately RMB1.0 million to the revenue for the six months ended 30 June 2022 with a drop of approximately RMB8.3 million, or approximately 89.2% (for the six months ended 30 June 2021: approximately RMB9.3 million). The decrease of loan facilitation service income was mainly resulted from the switch from unsecured credit loans market to second mortgage loan market.

The Group also derived interest income from small loans through Shenzhen Haosen, contributing at aggregate of approximately RMB43.7 million (for the six months ended 30 June 2021: approximately RMB32.3 million) which increase by approximately RMB11.4 million, or approximately 35.3%. The increase was mainly resulted from more small loan contracts from the second mortgage loan market. The interest income from other loans of approximately RMB0.1 million (for the six months ended 30 June 2021: approximately RMB1.2 million) was contributed by our wholly owned subsidiary, Grand Partners Finance Limited, for the period ended 30 June 2022.

The Group also recorded commission and brokerage income from security dealing contributing approximately RMB0.5 million (for the six months ended 30 June 2021: approximately RMB0.9 million), while the interest income from margin financing remained similarly at approximately RMB0.2 million (for the six months ended 30 June 2021: approximately RMB0.5 million) from our wholly owned subsidiary, Grand Partners Securities Limited, for the six months ended 30 June 2022.

### **Other income**

Other income dropped by approximately RMB1.0 million or approximately 17.3%, from approximately RMB9.2 million for the six months ended 30 June 2021 to approximately RMB8.2 million for the six months ended 30 June 2022 due to the drop of dividend income from the financial assets at FVOCI.

### **Employee benefit expenses**

Employee benefit expenses included primarily employee salaries and costs associated with other benefits. The employee benefit expenses decreased by approximately RMB3.2 million or approximately 26.9% from approximately RMB11.9 million for the six months ended 30 June 2021 to approximately RMB8.7 million for the six months ended 30 June 2022 due to the streamline of the manpower in the Group.

### **Other operating expenses**

Other operating expenses for the six months 30 June 2022 consisted mainly of (i) building management fee of approximately RMB0.2 million; (ii) commission for loan referral and service charge of loan collection of approximately RMB5.2 million in relation to the small loan business; (iii) entertainment expenses of approximately RMB0.2 million; (iv) legal and professional fee of approximately RMB0.6 million; and (v) sundry items of approximately RMB1.2 million.

For the six months ended 30 June 2022, the other operating expenses was approximately RMB7.1 million, representing approximately 14.4% of the Group's total revenue (for the six months ended 30 June 2021: approximately 19.6%).

## **Finance cost**

The finance cost decreased from approximately RMB14.5 million for the six months ended 30 June 2021 to approximately RMB9.4 million for the six months ended 30 June 2022 with a decrease of approximately RMB5.1 million due to the saving of finance cost by early repayment of bank borrowings after the proceeds received from the recovery of the default airline customer, Great China Airline (GCA) through the two financial arrangements to transfer the creditor's right of GCA and a non-recourse factoring agreement to factor the creditor's rights to two independent third parties, respectively. Please refer to the Company's announcements dated 16 March 2021 and 29 March 2021 for the details of the assignment of Creditor's Rights and the Company's announcement dated 9 April 2021 for the details of the non-recourse factoring agreement.

## **Profit for the period attributable to the equity holders of the Company**

Profit for the period decreased from approximately RMB19.6 million for the six months ended 30 June 2021 to approximately RMB16.3 million for the six months ended 30 June 2022 due to the increase in the allowance for expected losses on loan and account receivables.

## **Interim dividend**

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## **Liquidity, financial resources and capital resources**

As at 30 June 2022, the cash and cash equivalents were approximately RMB116.7 million (31 December 2021: approximately RMB100.2 million). The working capital (current assets less current liabilities) and total equity of the Group as at 30 June 2022 were approximately RMB300.3 million (31 December 2021: approximately RMB236.8 million) and approximately RMB548.6 million (31 December 2021: approximately RMB541.1 million).

As at 30 June 2022, the Group's bank borrowings with maturity within one year amounted to approximately RMB100.2 million (31 December 2021: approximately RMB99.2 million) and the Group's bank borrowings with maturity exceeding one year amounted to nil (31 December 2021: Nil).

Gearing ratio (total borrowings/total equity) as at 30 June 2022 was 18.3% (31 December 2021: approximately 18.3%).

## **Loan and account receivables**

Loan and account receivables consisted of (i) financial leasing receivables including the principal and interest of financial leasing; (ii) factoring loan receivables; (iii) small loan receivables; (iv) other loan receivables and (v) account receivables in respect of securities dealing and broking services, financial advisory and loan facilitation services. As at 30 June 2022, the loan and account receivables increased to RMB628.3 million (31 December 2021: approximately RMB594.7 million) due to the results from the increase of factoring loan receivables.

## **Capital commitments**

As at 30 June 2022, the Group had no capital commitments contracted but not provided (31 December 2021: Nil).

## **Employees and remuneration policy**

As at 30 June 2022, the Group employed 70 full time employees (as at 30 June 2021: 78) for its principal activities. Employees' benefits expenses (including Directors' emoluments) amounted to approximately RMB8.7 million for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB11.9 million). The Group recognizes the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to the performance of the Group, the performance of individuals and prevailing market rates. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options have been granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

## **RISK MANAGEMENT**

The Group's business operations are conducted in the financial leasing market and small-loan market in the PRC. Accordingly, the Group's business, financial position, results of operations and prospects are significantly affected by economic, political and legal developments in the PRC.

Being a financial service provider, the Group has implemented a risk management system to mitigate the risks arising from its daily operations. The risk management structure of the Group consists of the risk control committee at the top, under which are (i) the risk management department, (ii) the business development department, and (iii) the accounting and finance department. Potential business opportunities are assessed by the business development department based on the potential customer's background, credit records, financial position and the underlying assets. The risk management department reviews all given information meticulously and considers relevant risk factors. Where necessary, external legal advisors may be engaged to evaluate potential legal issues. The Group's accounting and finance department also works closely with the risk management department to assist in risk assessment by providing financial and tax opinions. The risk control committee as the final decision maker has the ultimate authority to approve each project. The Group also periodically conducts post-loan management on the customers and monitors loan and account receivables to review the ongoing risk exposure of the Group.

The Directors take both macro and micro economic conditions into account before making business decisions. Under the impact of COVID-19, the Group has taken closer monitoring to assess risks of existing customers to respond to the fast changing market. Moreover, given the recent volatility in the economy and financial market of the PRC, the Group has been more prudent in the selection of high-quality customers. The Group will continue to raise its risk management standards with better allocation of resources and fine-tuning its operational process, such as the introduction of credit assessment and approval procedures, to enhance the customer selection process.

In addition, the Group intends to improve the information technology system to assist in the collection of information with better accuracy and the review of the financial and operational status of the customers with better efficiency. The Group will also continue to expand the risk management team to handle the additional work arising from our expanding business operations, and allocate sufficient manpower to maintain an appropriate risk reward balance.

## **CONTINGENT LIABILITIES**

As at 30 June 2022, the Group did not have any material contingent liabilities of guarantees (31 December 2021: Nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2022, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

## SHARE OPTION SCHEME

On 19 June 2017, the Company conditionally approved and adopted the share option scheme (the “Share Option Scheme”) in accordance with the provision of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to enable the Company to grant options to the employee, advisor, consultant, service provider, agent, customer, partner or joint venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group (the “Participants”) as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group. On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and substantial shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the Share Option Scheme to make an offer for the grant of an option to any participant as the Board may determine. The number of Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme is 15,552,300 shares of the Company in total.

On 4 July 2018, under the Share Option Scheme, 4,320,000 share options to subscribe for an aggregate of 4,320,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees with validity period of the options from 4 July 2018 to 4 July 2019, and exercise price of HK\$6.02. All options have been exercised.

On 24 April 2019, under the Share Option Scheme, 10,075,000 share options to subscribe for an aggregate of 10,075,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees or other eligible participants under the Share Option Scheme with validity periods of the options vary from (i) 24 April 2019 to 23 April 2022; (ii) 24 April 2019 to 23 April 2020; (iii) 24 April 2020 to 23 April 2021; and (iv) 24 April 2021 to 23 April 2022, and exercise price of HK\$7.00, and no share options were outstanding as at 30 June 2022.

On 22 January 2020, under the Share Option Scheme, 10,200,000 share options to subscribe for an aggregate of 10,200,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees or other eligible participants under the Share Option Scheme with validity period of the options from 22 January 2020 to 21 January 2023, and exercise price of HK\$6.12 and an aggregate of 1,060,000 share options have been exercised up to 30 June 2022, and an aggregate of 7,540,000 share options were outstanding as at 30 June 2022.

For options granted under the Share Option Scheme under 4 July 2018, 24 April 2019 and 22 January 2020, the exercise price in relation to each option was determined by the Board, but in any event would not be less than the highest of (i) the closing price of the Company's shares as stated in the Exchange's daily quotations sheet on the date of grant, which must be a business day or (ii) the average of the closing prices of the Company's shares as stated in the Exchange's daily quotations sheet for the five business days immediately preceding the date of grant or (iii) the par value of a share of the Company. For further details of the grant of share option, please refer to the announcements of the Company published on the websites of the Company and the Stock Exchange on 4 July 2018, 24 April 2019 and 22 January 2020.

Set out below are details of the outstanding options under the Share Option Scheme as at 30 June 2022:

Name of Grantee	Grant date	Exercise period	Exercise price	Closing price before the date of grant of share options	Number of share options				
					Outstanding as at 31 December 2021	Granted during the period ended 30 June 2022	Exercised during the period ended 30 June 2022	Lapsed during the period ended 30 June 2022	Outstanding as at 30 June 2022
<b>Director of the Company or its subsidiary</b>									
Xie Weiquan	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	40,000	-	-	(40,000)	-
<b>Senior Management of the Company or its subsidiary</b>									
Shi Lei	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	40,000	-	-	(40,000)	-
Shi Yumei	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	30,000	-	-	(30,000)	-
<b>Other employees of the Company or its subsidiary or other eligible participants under the Share Option Scheme</b>									
Other employees of the Company or its subsidiary									
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	190,000	-	-	(190,000)	-
	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$5.89	5,140,000	-	-	(100,000)	5,040,000
Other eligible participants									
Grantee A (note 1)	24 April 2019	24 April 2019 – 23 April 2022	HK\$7.00	HK\$7.00	407,000	-	-	(407,000)	-
Grantee B (note 1)	24 April 2019	24 April 2019 – 23 April 2022	HK\$7.00	HK\$7.00	440,000	-	-	(440,000)	-
Grantee C (note 2)	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	40,000	-	-	(40,000)	-
Grantee D (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	15,000	-	-	(15,000)	-
Grantee E (note 2)	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	20,000	-	-	(20,000)	-
Grantee F (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	22,500	-	-	(22,500)	-
Grantee G (note 3)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$5.89	200,000	-	-	-	200,000
Grantee H (note 3)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$5.89	200,000	-	-	-	200,000
Grantee I (note 3)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$5.89	100,000	-	-	-	100,000
Grantee J (note 1)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$5.89	100,000	-	-	-	100,000
Grantee K (note 3)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$5.89	400,000	-	-	-	400,000
Grantee L (note 3)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$5.89	1,500,000	-	-	-	1,500,000
					8,867,000	-	-	1,327,000	7,540,000

*Notes:*

1. Eligible participants represent 3 consultants who possess comprehensive knowledge and industry experience in business operation of financial leasing or factoring services and extensive business network in China. The consultants provide advisory and consultancy services to the Group, including consultancy coverage of latest business operation industry updates in financial leasing and factoring sectors and advice on the Group's business development for sourcing potential new financial leasing/factoring projects to the Group.

Share options are granted to these consultants to attract, retain and maintain ongoing business relationships with them, encouraging such eligible participants to continue to contribute positively to the Group and enabling the Group to foster a sustained/long term co-operation with such persons through their share ownership of the Group upon their exercise of options to achieve long-term growth of the Group and to recognise their contributions in terms of their advisory and consultancy services to the Group, which is expected to be beneficial to the Group and align the interests of them and shareholders of the Company.

2. Eligible participants represent 4 consultants who possess broad business operation experience in small loan and extensive network in China. The consultants provide customers referral to the Group's small loan business.

Share options are granted to these consultants to attract, retain and maintain ongoing business relationships with them, encouraging such eligible participants to continue to contribute positively to the Group and enabling the Group to foster a sustained/long term co-operation with such persons through their share ownership of the Group upon their exercise of options to achieve long-term growth of the Group and to recognise their contributions in terms of referring potential customers to the Group and introducing favourable business relationships with potential customers, which is expected to be beneficial to the Group and align the interests of them and shareholders of the Company.

3. Eligible participants represent 5 consultants who possess comprehensive knowledge and industry experience in business operation of small loan and financial leasing services and extensive business network especially in Shenzhen or Dongguan in China. The consultants provide advisory and consultancy services to the Group, including consultancy service and assistance in dealing with overdue customers in small loan and financial leasing sectors and advice on potential investments related to the Group's business.

Share options are granted to these consultants to attract, retain and maintain ongoing business relationships with them, encouraging such eligible participants to continue to contribute positively to the Group and enabling the Group to foster a sustained/long term co-operation with such persons through their share ownership of the Group upon their exercise of options to achieve long-term growth of the Group and to recognise their contributions in terms of their advisory and consultancy services to the Group, which is expected to be beneficial to the Group and align the interests of them and shareholders of the Company.

## **Share Award Scheme**

The Company has adopted a share award scheme on 6 November 2019 (the "Share Award Scheme") for the purposes of, amongst others, effectively recognising employee's contribution to the Group and/or providing an incentive to employee to remain with or join the Group, for participation in the Scheme as a selected employee and determine the purchase, subscription and/or allocation of awarded shares according to the terms of the Share Award Scheme. However, until so selected, no Employee shall be entitled to participate in the scheme.

The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 6 November 2029.

Since the adoption of the Share Award Scheme and up to the date of this announcement, none of the issued Shares has been purchased or issued nor any awards have been granted under the Share Award Scheme.

## **EVENTS AFTER THE REPORTING PERIOD**

The Group had no material event after the Reporting Period.

## **OUTLOOK AND PLANS**

In the second half of 2022, the Group will continue to exercise prudence for effective cost control and when developing business with high-quality customers, in order to brace itself for the current challenging environment. The Group will continue to strengthen its risk management capabilities and do business with current and new customers that have good development potential in their respective industries. The Directors consider that in future, the Company will focus on enhancing its internal informatisation and strengthen its risk management abilities with the functions of its systems. More effective measures to cut costs and increase income will also be adopted. Reasonable cost controls will be put in place while capitalising on the advantages of its existing businesses to increase the profitability of the Company. The Company will continue to enhance its financing capacity and develop more partners to enhance its comprehensive service-ability. The major customers of the Company are in the PRC. The Company will continue to pay close attention to the situations of its customers and adjust its business strategies in a flexible manner. The Directors consider that the promotion of digitalisation of business through strengthening the integration of resources among the Group's business departments and the synergy among its subsidiaries will be a main focus of the Company and an effective approach for the Company to tackle with the complicated economic environment.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Group is committed to promoting good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the rules governing the listing of securities on the Stock Exchange Hong Kong Limited ("Listing Rules"). During the six months ended 30 June 2022, the Company had complied with all code provisions in the CG Code and had adopted most of the recommend best practices set out in the CG Code.

## **AUDIT COMMITTEE**

The Company has an audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. Ha Tak Kong, Mr. Ip Chi Wai and Mr. Kam Wai Man. The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2022 with no disagreement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he has, throughout the six months ended 30 June 2022, complied with the required standards set out therein.

## **PUBLICATION OF INFORMATION**

This announcement is published on the websites of the Company ([www.cwl.com](http://www.cwl.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2022 interim report will be despatched to shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 26 August 2022

*As at the date of this announcement, the Board comprises Mr. Lo Wai Ho 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.*