

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2023

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 2023, together with the comparative figures for the corresponding period in 2022 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	<i>Notes</i>	Six months ended 30 June	
		2023	2022
		RMB’000	RMB’000
		(Unaudited)	(Unaudited)
Revenue	5	55,099	49,154
Other income		1,811	8,152
Employee benefit expenses		(11,444)	(8,703)
Depreciation		(1,160)	(1,321)
Other operating expenses		(5,883)	(7,506)
Allowance for expected credit losses (“ECL”) on loan and account receivables, net		(9,400)	(10,241)
Finance cost	6	(4,954)	(9,446)
Profit before income tax	7	24,069	20,089
Income tax expense	8	(3,733)	(3,777)
Profit for the period		20,336	16,312

		Six months ended 30 June	
		2023	2022
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
		20,336	16,312
		—	—
		20,336	16,312
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
		259	(3,892)
<i>Item that will not be reclassified to profit or loss:</i>			
		—	(4,915)
Total comprehensive income for the period, net of income tax		20,595	7,505
Total comprehensive income for the period attributable to:			
		20,595	7,505
		—	—
		20,595	—
Earnings per share attributable to equity holders of the Company (<i>RMB cents</i>):			
Basic	10	12.99	10.44
Diluted	10	12.99	10.44

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023	31 December 2022
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		860	1,163
Right-of-use assets		640	1,456
Intangible assets		–	–
Financial assets at FVOCI		–	–
Other assets		394	402
Loan and account receivables	11	358,130	313,581
Prepayments, deposits and other receivables		27	27
Deferred tax assets		54,429	53,787
		414,480	370,416
Current assets			
Loan and account receivables	11	309,333	299,830
Prepayments, deposits and other receivables		1,041	1,019
Cash and cash equivalents		21,216	58,288
Tax recoverable		–	–
		331,590	359,137
Current liabilities			
Account payables	12	727	8,949
Deposits from financial leasing customers		2,040	1,590
Accruals and other payables		28,286	27,082
Amounts due to related parties		5,576	2,552
Lease liabilities		539	1,264
Dividend payable		1,517	1,449
Promissory note		4,442	4,186
Bond payable		18,512	17,688
Bank and other borrowings	13	100,023	100,023
Tax payable		9,248	8,726
		170,910	173,509
Net current assets		160,680	185,628
Total assets less current liabilities		575,160	556,044

		30 June 2023	31 December 2022
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
Non-current liabilities			
Deposits from financial leasing customers		–	1,340
Lease liabilities		178	317
Bank and other borrowings	13	–	–
Promissory note		–	–
		<hr/>	<hr/>
		178	1,657
		<hr/>	<hr/>
Net assets		574,982	554,387
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital	14	1,358	1,358
Reserves		573,624	553,029
		<hr/>	<hr/>
Total equity attributable to equity holders of the Company		574,982	554,387
Non-controlling interests		–	–
		<hr/>	<hr/>
Total equity		574,982	554,387
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital	Proposed final dividend [#]	Share premium [#]	Share-based payment reserve [#]	Exchange reserve [#]	Other reserve [#]	Statutory surplus reserve [#]	FVOCI reserve [#]	Retained profits [#]	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
At 1 January 2023	1,358	4,154	226,114	3,018	(2,585)	240,521	53,612	-	28,195	554,387	-	554,387
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	-	20,336	20,336	-	20,336
Other comprehensive expenses:												
Exchange differences arising on translating foreign operations	-	-	-	-	259	-	-	-	-	259	-	259
Fair value loss on financial assets at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	259	-	-	-	20,336	20,595	-	20,595
Transactions with the equity holders of the Company:												
Equity settled share options payment	-	-	-	-	-	-	-	-	-	-	-	-
Share options lapsed	-	-	-	-	-	-	-	-	-	-	-	-
Forfeiture of share option	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2023 (unaudited)	<u>1,358</u>	<u>4,154</u>	<u>226,114</u>	<u>3,018</u>	<u>(2,326)</u>	<u>240,521</u>	<u>53,612</u>	<u>-</u>	<u>48,531</u>	<u>574,982</u>	<u>-</u>	<u>574,982</u>

These reserves accounts comprise the consolidated reserves of approximately RMB573,624,000 (the six months ended 30 June 2022 (unaudited): approximately RMB547,203,000) in the unaudited condensed consolidated statement of financial position.

For the six months ended 30 June 2022

	Share capital	Proposed final dividend [#]	Share premium [#]	Share-based payment reserve [#]	Exchange reserve [#]	Other reserve [#]	Statutory surplus reserve [#]	FVOCI reserve [#]	Retained profits [#]	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
At 1 January 2022	1,358	3,829	230,268	4,712	(753)	236,231	52,120	10,342	2,950	541,057	-	541,057
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	-	16,312	16,312	-	16,312
Other comprehensive expenses:												
Exchange differences arising on translating foreign operations	-	-	-	-	(3,892)	-	-	-	-	(3,892)	-	(3,892)
Fair value loss on financial assets at FVOCI	-	-	-	-	-	-	-	(4,915)	-	(4,915)	-	(4,915)
Total comprehensive income for the period	-	-	-	-	(3,892)	-	-	(4,915)	16,312	7,505	-	7,505
Transactions with the equity holders of the Company:												
Equity settled share options payment	-	-	-	-	-	-	-	-	-	-	-	-
Share options lapsed	-	-	-	(46)	-	-	-	-	46	-	-	-
Forfeiture of share option	-	-	-	(1,177)	-	-	-	-	1,177	-	-	-
	-	-	-	(1,223)	-	-	-	-	1,223	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2022 (unaudited)	1,358	3,829	230,268	3,489	(4,645)	236,231	52,120	5,427	20,485	548,561	-	548,561

[#] These reserves accounts comprise the consolidated reserves of approximately RMB547,203,000 (the six months ended 30 June 2021 (unaudited): approximately RMB520,139,000) in the unaudited condensed consolidated statement of financial position.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 2022.

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 2022, 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 2022, except for the adoption of the following new or amendments to HKFRSs effective for the accounting period beginning on or after 1 January 2023:

Amendment to HKFRS 17	Insurance Contracts and the related Amendments
Amendment to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Asset and Liabilities arising from a Single Transaction

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 2023 (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>964</u>	<u>53,641</u>	<u>494</u>	<u>55,099</u>
Segment results	<u>1,643</u>	<u>25,981</u>	<u>(1,112)</u>	<u>26,512</u>
Unallocated corporate income				–
Unallocated corporate expenses				<u>(2,443)</u>
Profit before income tax				24,069
Income tax expense				<u>(3,733)</u>
				<u>20,336</u>
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>	<u>28,243</u>
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>

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 2023 (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>47,881</u>	<u>625,565</u>	<u>16,235</u>	689,681
Deferred tax assets				54,429
Unallocated corporate assets				<u>1,960</u>
Consolidated total assets				<u><u>746,070</u></u>
Segment liabilities	<u>10,120</u>	<u>120,069</u>	<u>1,069</u>	131,258
Tax payable				9,248
Promissory note				4,442
Bond payable				18,512
Unallocated corporate liabilities				<u>7,628</u>
Consolidated total liabilities				<u><u>171,088</u></u>

As at 31 December 2022	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>77,129</u>	<u>570,372</u>	<u>25,538</u>	673,039
Deferred tax assets				53,787
Unallocated corporate assets				<u>2,727</u>
Consolidated total assets				<u><u>729,553</u></u>
Segment liabilities	<u>10,472</u>	<u>119,305</u>	<u>9,599</u>	139,376
Tax payable				8,726
Promissory note				4,186
Bond payable				17,688
Unallocated corporate liabilities				<u>5,190</u>
Consolidated total liabilities				<u><u>175,166</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	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)	30 June 2023 <i>RMB'000</i> (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
The PRC	54,605	46,699	1,060	1,487
Hong Kong	494	2,455	440	1,132
	<u>55,099</u>	<u>49,154</u>	<u>1,500</u>	<u>2,619</u>

5. REVENUE

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Point in time</i>		
– Commission and brokerage income from securities dealing	217	463
– Placing and underwriting service income	–	–
– Financial advisory services income		
– Financial leasing advisory services income	–	–
– Other financial advisory service income	–	1,680
<i>Over time[#]</i>		
– Post loan facilitation service income	–	1,059
	217	3,202
Revenue from other sources*		
– Interest income from financial leasing	964	1,964
– Interest income from factoring	–	10
– Interest income from small loans	53,641	43,666
– Interest income from margin financing	140	171
– Interest income from other loans	137	141
	54,882	45,952
Total revenue	55,099	49,154

* 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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	3,943	3,891
Interest on lease liabilities	52	113
Interest on bond payable	703	567
Interest on promissory note	256	4,875
	<u>4,954</u>	<u>9,446</u>

7. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Auditor's remuneration	347	144
Depreciation charged on:		
– property, plant and equipment	339	454
– right-of-use assets	821	867
	1,160	1,321
Employee benefit expenses (including directors' remuneration)		
– Salaries, allowances and benefits in kind	10,027	7,657
– Retirement benefit scheme contributions	1,417	1,046
– Equity settled share-based payment	–	–
	11,444	8,703
Equity settled share-based payment		
– Employee benefit expenses	–	–
– Referral fees/consultancy fees	–	65
	–	65
Commission paid	2,038	5,232
Operating lease expense	342	378
Bad debts written off/(recovery) of loan and account receivables, net	<u>(1,380)</u>	<u>(1,200)</u>

8. INCOME TAX EXPENSE

		Six months ended 30 June	
		2023	2022
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
The charge comprises:			
Current tax for the period			
– PRC Enterprise Tax (“EIT”)	(c)	6,900	1,472
– Adjustment from PRC overprovision		(243)	–
– Hong Kong profits tax	(d)	–	–
Deferred tax expense/(credit)		(2,924)	2,304
		<u>3,733</u>	<u>3,776</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 2022 (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 2023 (the six months ended 30 June 2022 (unaudited): Nil).

9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022 (unaudited): Nil).

10. EARNINGS PER SHARE

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	<u>20,336</u>	<u>16,312</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>in '000</i>)	156,583	156,583
Effect of dilutive potential ordinary shares – share options (<i>in '000</i>)	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share (<i>in '000</i>)	<u>156,583</u>	<u>156,583</u>

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 2023, 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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
	<i>Notes</i>		
Non-current assets			
Financial leasing receivables	(a)	–	510
Small loans receivables	(c)	<u>365,073</u>	<u>317,458</u>
		365,073	317,968
Less: Allowance for ECLs		<u>(6,943)</u>	<u>(4,387)</u>
		<u>358,130</u>	<u>313,581</u>
Current assets			
Financial leasing receivables	(a)	56,454	76,048
Factoring loan receivables	(b)	–	–
Small loan receivables	(c)	289,748	259,172
Other loan receivables	(d)	5,264	4,893
Account receivables	(e)	<u>4,675</u>	<u>2,852</u>
		356,141	342,965
Less: Allowance for ECLs		<u>(46,807)</u>	<u>(43,135)</u>
		<u>309,334</u>	<u>299,830</u>
Total loan and account receivables, net		<u>667,464</u>	<u>613,411</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 8 months to 3 years (31 December 2022: 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 2022: 8.11% to 21.1%) per annum as at 30 June 2023.

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Financial leasing receivables comprise of:				
Within one year	56,542	77,141	56,454	76,048
More than one year but not exceeding two years	–	517	–	510
More than two years but not exceeding three years	–	–	–	–
	<u>56,542</u>	<u>77,658</u>	<u>56,454</u>	<u>76,558</u>
Less: Unearned finance income	<u>(88)</u>	<u>(1,100)</u>	<u>–</u>	<u>–</u>
Present value of minimum lease payments	<u>56,454</u>	<u>76,558</u>	<u>56,454</u>	<u>76,558</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 2023, the financial leasing receivables were collateralised by the leased assets with fair values of approximately RMB120,414,650 (31 December 2022: approximately RMB135,105,000).

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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Neither overdue nor credit-impaired	5,426	44,331
Overdue but not credit-impaired		
– overdue within 30 days	233	331
– overdue within 31 to 90 days	24,092	1,309
Overdue and credit-impaired	<u>26,703</u>	<u>30,587</u>
	<u>56,454</u>	<u>76,558</u>

(b) Factoring loan receivables

As at 30 June 2023, the directors of the Company were of the view that the balances could not be recovered as the customer in severe financial difficulty and the recovery of underlying accounts receivables is remote.

No aging analysis and credit quality analysis of gross factoring loan receivables presented as the balances had been fully written off during the year ended 31 December 2022.

(c) Small loan receivables

It primarily represented the collateral-backed loans and guaranteed loans granted to the customers of which a net receivable of approximately RMB501 million was from second mortgage market. The loan periods granted to each of the customers is generally for a period of 6 months to 8 years (31 December 2022: 6 months to 8 years). The effective interest rate of the above small loans receivables is ranging from 8% to 24% (31 December 2022: 8% to 27.7%) per annum as at 30 June 2023.

As at 30 June 2023, certain loan receivables are mainly secured by (i) real estates such as buildings with fair values of approximately RMB4,967,739,658 (31 December 2022: real estates such as buildings with fair values of approximately RMB4,196,687,000).

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:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
0 to 30 days	79,997	30,392
31 to 90 days	17,445	50,128
91 to 365 days	192,305	178,752
Over 365 days	365,074	317,458
	654,821	576,630

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.

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Neither overdue nor credit-impaired	595,980	517,821
Overdue but not credit-impaired		
– overdue within 30 days	8,303	22,144
– overdue within 31 to 90 days	9,420	6,618
Overdue and credit-impaired	41,118	30,047
	654,821	576,630

(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 2022: 1 year). The effective interest rate of the above other loan receivables is 6% (31 December 2022: 6%) per annum as at 30 June 2023.

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:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
0 to 30 days	–	–
31 to 90 days	–	–
91 to 365 days	5,264	4,893

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.

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Neither overdue nor credit-impaired	5,264	4,893

(e) **Account receivables**

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

		As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Account receivables from securities dealing and broking services:			
	i		
– Hong Kong Securities Clearing Company Limited (“HKSCC”)		59	576
– Cash clients		–	–
– Margin clients		3,419	1,074
		3,478	1,650
Account receivables from loan facilitation services	ii	1,197	1,202
		4,675	2,852
Less: Allowance for ECLs		(1,197)	(1,202)
Total account receivables, net		3,478	1,650

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:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
0 to 30 days	–	–
31 to 90 days	–	–
91 to 365 days	–	–
Over 365 days	<u>1,197</u>	<u>1,202</u>
	<u>1,197</u>	<u>1,202</u>

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.

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Neither overdue nor credit-impaired	–	–
Overdue but not credit-impaired		
– overdue within 30 days	–	–
– overdue within 31 to 90 days	–	–
Overdue and credit-impaired	<u>1,197</u>	<u>1,202</u>
	<u>1,197</u>	<u>1,202</u>

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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
HKSCC	–	–
Cash clients	228	398
Margin clients	499	8,551
	<u>727</u>	<u>8,949</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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Bank borrowings – secured*:		
Within one year	100,023	100,023
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>100,023</u>	<u>100,023</u>
Less: Amount shown under current liabilities	<u>(100,023)</u>	<u>(100,023)</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 2023, the effective interest rates of the Group's secured bank borrowings were 7.86% (31 December 2022: 7.86%) per annum.

As at 30 June 2023, the bank borrowings amounting to approximately RMB100,023,000 (31 December 2022: RMB100,023,000) were secured by charges over one property with fair value of approximately RMB79,170,022 (31 December 2022: approximately RMB79,170,000) (which is jointly owned by Mr. Lo and his wife) and one property with fair value of approximately RMB32,039,965 (31 December 2022: RMB32,039,000) (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 2022: RMB100,000,000).

14. SHARE CAPITAL

Authorised and issued share capital

	Number of ordinary shares	Amount <i>HK\$'000</i>
Ordinary Shares of HK\$0.01 of each		
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	<u>20,000,000,000</u>	<u>200,000</u>
	Number of ordinary shares	Amount <i>RMB'000</i>
Issued and fully paid:		
At 1 January 2023	156,583,000	1,358
Issue of share upon exercise of share options	<u>–</u>	<u>–</u>
At 30 June 2023	<u>156,583,000</u>	<u>1,358</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The macro environment in the PRC was still subject to many uncertainties in the first half of 2023. In China, the economy is still in the process of adjustment and recovery from COVID-19. In the said reporting period, revenue of the Group was mainly derived from loan interest income and financial leasing interest income which accounted for approximately RMB53.6 million, RMB1.0 million of the total revenue of the Group, respectively. In the first half of 2023, the Company adjusted its business strategy in response to the economic environment, and the Company had focus on the small loan business and allocated most of the resource in the business development of the second mortgages product. In the first half of 2023, the market situation of the real estate industry had changed seriously, the average price of second-hand real estate was in the trend of going down which required the Company be more careful in the operation and risk management. Based on the relevant policy changes, the Company will adjust business strategies in relation to our small loan business, so as to maintenance our share in Shenzhen's second mortgage loan market. In relation to its financial leasing and factoring business, in view of the economic uncertainties, 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 is a significant decline in the relevant business revenue. 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 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.

BUSINESS REVIEW

General information of the small loan business

The small loan business is Company's core business. It contribute RMB53.6 million out of the total revenue RMB55.1 million, about 97.2% of the total revenue of the Company. The Company provided small loan service through our wholly-owned subsidiary Shenzhen Haosen Credit Joint Stock Limited ("Shenzhen Haosen"). Shenzhen Haosen had been providing loan services to customers with flexible terms through quick and comprehensive loan assessment and approval processes to support their continued development and address their liquidity needs. Our customer base primarily consists of customers engaged in the industry of manufacturing, wholesale and retail, construction and transportation.

The following table sets out the number of our loans by size as at the dates indicated:

	As at 30 June 2023	As at 31 December 2022
Over RMB5 million	16	12
Over RMB3 million to RMB5 million (inclusive)	10	9
Over RMB1 million to RMB3 million (inclusive)	93	114
Over RMB500,000 to RMB1 million (inclusive)	247	217
Up to RMB500,000	430	303
	<hr/>	<hr/>
Total number of loans to customers	796	655

As at 30 June 2023, the maximum loan amount of approximately 85.1% (31 December 2022: 79.4%) of loan contracts were limited to RMB1 million. Among our loan contracts, the higher proportion of loans with amount up to RMB1 million was mainly due to the fact that we target to server individuals and micro enterprises in the industry of manufacturing, wholesale and retail, construction and transportation, etc., the loan amounts generally lower.

Some of the customers have more than one loan agreement with the Company. As at 30 June 2023, the number of customers is 714 (31 December 2022: 605).

The following table sets out our loans to customers by type of security as at the dates indicated:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Credit loans	–	299
Guaranteed loans	154,267	131,355
Collateral-backed loans	500,554	444,976
	<hr/>	<hr/>
Total	654,821	576,630

The following table sets our loans to customers by loan amount as the dates indicated:

	As at 30 June 2023 <i>RMB'000</i>	As at 31 December 2022 <i>RMB'000</i>
Over RMB5 million	165,482	133,740
Over RMB3 million to RMB5 million (inclusive)	35,461	33,547
Over RMB1 million to RMB3 million (inclusive)	142,178	166,665
Over RMB500,000 to RMB1 million (inclusive)	176,822	149,389
Up to RMB500,000	134,878	93,289
	<hr/>	<hr/>
Total loan amount	654,821	576,630
	<hr/> <hr/>	<hr/> <hr/>

The following table sets out the original maturity profile of our loans as at the dates indicated:

	As at 30 June 2023 <i>RMB'000</i>	As at 31 December 2022 <i>RMB'000</i>
0 to 30 days	79,997	30,292
31 to 90 days	17,446	50,128
91 to 365 days	192,305	178,752
Over 365 days	365,073	317,458
	<hr/>	<hr/>
	654,821	576,630
	<hr/> <hr/>	<hr/> <hr/>

The following table sets out the credit quality analysis of our loans to customers. In the event that an instalment repayment is overdue, the entire outstanding balance of small loan receivables is classified as overdue.

	As at 30 June 2023 <i>RMB'000</i>	As at 31 December 2022 <i>RMB'000</i>
Neither overdue nor credit-impaired	595,980	517,821
Overdue but not credit-impaired		
– Overdue within 30 days	8,303	22,144
– Overdue within 31 to 90 days	9,420	6,618
Overdue and credit-impaired	41,118	30,047
	<hr/>	<hr/>
	654,821	576,630
	<hr/> <hr/>	<hr/> <hr/>

Impairment loss on loan receivables

As at 30 June 2023. The total loan receivables which only include small loan and financial lease business is RMB711.3 million (31 December 2022: RMB653.2 million). The total outstanding Principle Amount of the top 10 customers is approximately RMB147.1 million (31 December 2022: RMB160.7 million), about 20.7% (31 December 2022: 24.6%) of the total loan receivables which only include small loan and financial leasing business. The allowance for impairment losses of the top 10 customers is RMB10.3 million (31 December 2022: RMB9.7 million) which the total allowance for impairment losses is RMB53.8 million (31 December 2022: RMB47.5 million). The Company performed impairment assessment in the end of the Reporting Period under the expect credit loss (“ECL”) model which required by HKFRS 9.

As at 30 June 2023, the Company has recognised RMB53.8 million (31 December 2022: RMB47.5 million) as the allowance of impairment losses. There are 7 (31 December 2022: 7) material loans which the amount of allowance for impairment losses is more than RMB1 million. To the best knowledge of the Directors after making all reasonable enquiries, the counter parties of the relative loan receivables are independent third parties and have no bearing on the related parties of the Company.

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 small loans and other loans; (iii) commission and brokerage income from security dealing; and (iv) interest income from margin financing. The Group’s financial leasing services include sale-leaseback as well as direct financial leasing.

The revenue recorded an increase by approximately RMB6 million, or approximately 12.29%, from approximately RMB49.1 million for the six months ended 30 June 2022 to approximately RMB55.1 million for the six months ended 30 June 2023. The increase was mainly resulted from new origination of small loan contracts from our small loan business customers. For the six months ended 30 June 2023, the interest income from financial leasing contributed approximately RMB0.9 million with a significant drop (for the six months ended 30 June 2022: approximately RMB1.9 million) as the Company had allocated resources to small loan business.

The Group derived interest income from small loans through Shenzhen Haosen, contributing at aggregate of approximately RMB53.6 million (for the six months ended 30 June 2022: approximately RMB44.7 million) which increase by approximately RMB8.9 million, or approximately 19.9%. 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 2022: approximately RMB0.1 million) was contributed by our wholly owned subsidiary, Grand Partners Finance Limited, for the period ended 30 June 2023.

The Group also recorded commission and brokerage income from security dealing contributing approximately RMB0.2 million (for the six months ended 30 June 2022: approximately RMB0.5 million), while the interest income from margin financing remained similarly at approximately RMB0.1 million (for the six months ended 30 June 2022: approximately RMB0.2 million) from our wholly owned subsidiary, Grand Partners Securities Limited, for the six months ended 30 June 2023.

Other income

Other income dropped by approximately RMB6.4 million or approximately 78%, from approximately RMB8.2 million for the six months ended 30 June 2022 to approximately RMB1.8 million for the six months ended 30 June 2023 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 increased by approximately RMB2.7 million or approximately 31% from approximately RMB8.7 million for the six months ended 30 June 2022 to approximately RMB11.4 million for the six months ended 30 June 2023 due to the Company had hired more sales and marketing staff.

Other operating expenses

Other operating expenses for the six months 30 June 2023 consisted mainly of (i) building management fee of approximately RMB0.4 million; (ii) commission for loan referral and service charge of loan collection of approximately RMB2.0 million in relation to the small loan business; (iii) entertainment expenses of approximately RMB0.2 million; (iv) legal and professional fee of approximately RMB1.1 million; and (v) sundry items of approximately RMB2.2 million.

For the six months ended 30 June 2023, the other operating expenses was approximately RMB5.9 million, representing approximately 10.7% of the Group's total revenue (for the six months ended 30 June 2022: approximately 14.4%).

Finance cost

The finance cost decreased from approximately RMB9.4 million for the six months ended 30 June 2022 to approximately RMB5.0 million for the six months ended 30 June 2023 with a decrease of approximately RMB4.4 million due to the saving of finance cost by early repayment of promissory note at December 2022.

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

Profit for the period increased from approximately RMB16.3 million for the six months ended 30 June 2022 to approximately RMB20.3 million for the six months ended 30 June 2023 due to the increase in the interest income from small loan, the decrease in the finance cost and the decrease in the other operating expenses.

Interim dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

Liquidity, financial resources and capital resources

As at 30 June 2023, the cash and cash equivalents were approximately RMB21.2 million (31 December 2022: approximately RMB58.3 million). The working capital (current assets less current liabilities) and total equity of the Group as at 30 June 2023 were approximately RMB160.6 million (31 December 2022: approximately RMB185.6 million) and approximately RMB575.0 million (31 December 2022: approximately RMB554.4 million).

As at 30 June 2023, the Group's bank borrowings with maturity within one year amounted to approximately RMB100.0 million (31 December 2022: approximately RMB100.0 million) and the Group's bank borrowings with maturity exceeding one year amounted to nil (31 December 2022: Nil).

Gearing ratio (total borrowings/total equity) as at 30 June 2023 was 17.4% (31 December 2022: approximately 18.0%).

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 2023, the loan and account receivables increased to RMB667.0 million (31 December 2022: approximately RMB613.4 million) due to the results from the increase of small loan receivables.

Capital commitments

As at 30 June 2023, the Group had no capital commitments contracted but not provided (31 December 2022: Nil).

Employees and remuneration policy

As at 30 June 2023, the Group employed 79 full time employees (as at 30 June 2022: 70) for its principal activities. Employees' benefits expenses (including Directors' emoluments) amounted to approximately RMB11.4 million for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB8.7 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 small-loan market and financial leasing 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. 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 2023, the Group did not have any material contingent liabilities of guarantees (31 December 2022: Nil).

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

During the six months ended 30 June 2023, 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 "2017 Share Option Scheme") in accordance with the provision of Chapter 17 of the Listing Rules. The purpose of the 2017 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 2017 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 2017 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 2017 Share Option Scheme is 15,552,300 shares of the Company in total.

On 4 July 2018, under the 2017 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 2017 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 2017 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 2023.

On 22 January 2020, under the 2017 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 2017 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 2023, and none of the share options were outstanding as at 30 June 2023.

On 14 December 2022, under the 2017 Share Option Scheme, 2,725,000 share options to subscribe for an aggregate of 2,725,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees under the share option scheme with validity period of the options from 14 December 2022 to 14 May 2026, and exercise price of HK\$5.93, an aggregate of 2,725,000 share options were outstanding as at 30 June 2023.

For options granted under the 2017 Share Option Scheme under 4 July 2018, 24 April 2019 and 22 January 2020 and 14 December 2022, 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, 22 January 2020 and 14 December 2022.

Set out below are details of the outstanding options under the 2017 Share Option Scheme as at 30 June 2023:

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 2022	Granted during the period ended 30 June 2023	Exercised during the period ended 30 June 2023	Lapsed during the period ended 30 June 2023	Outstanding as at 30 June 2023
Other employees of the Company or its subsidiary or other eligible participants under the Share Option Scheme									
Other employees of the Company or its subsidiary									
	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$5.89	3,540,000	-	-	(3,540,000)	-
	14 December 2022	14 December 2022 – 14 May 2026	HK\$5.93	HK\$5.92	2,725,000	-	-	-	2,725,000
Other eligible participants									
Grantee G (note 1)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$5.89	200,000	-	-	(200,000)	-
Grantee H (note 1)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$5.89	200,000	-	-	(200,000)	-
Grantee I (note 1)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$5.89	100,000	-	-	(100,000)	-
Grantee K (note 1)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$5.89	400,000	-	-	(400,000)	-
					7,165,000	-	-	(4,440,000)	2,725,000

Note:

- Eligible participants represent 4 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.

In light of the recent amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023, on the Extraordinary General Meeting held on 30 June 2023, the Company terminated the "2017 Share Option Scheme" and conditionally approved and adopt the New Share Option Scheme (the "2023 Share option Scheme"). The purpose of the 2023 Share option Scheme is to enable the Company to grant options to the Eligible Participants and provide appropriate incentives or rewards to persons who contribute or may bring benefits to the Group.

Eligible Participants include any Employee Participant, Related Entity Participant or Service Provider who the Board or the remuneration committee considers, in their sole discretion, to have contributed or may bring benefits to the Group. On and subject to the terms of the 2023 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 2023 Share Option Scheme to make an offer for the grant of an option to Eligible Participants as the Board may determine. The Scheme Mandate Limit under the 2023 Share Option Scheme will be 15,658,300 Shares, representing 10% of the total number of Shares in issue as at 30 June 2023; and (ii) the Service Provider Sublimit will be 1,565,830 Shares, representing 1% of the total number of Shares in issue as at 30 June 2023. Since the adoption of the 2023 Share Option Scheme and up to the date of this announcement, none of the share options has been granted under the 2023 Share Option Scheme.

For the 2017 Share Option Scheme and 2023 Share Option Scheme, the number of shares available for future issue is 18,383,300, representing approximately 11.74% of the issued share of the Company as the date of this announcement.

SHARE AWARD SCHEME

The Company has adopted a share award scheme on 6 November 2019 (the “2019 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 2019 Share Award Scheme. However, until so selected, no Employee shall be entitled to participate in the scheme.

The 2019 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 2019 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 2019 Share Award Scheme.

In light of the recent amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023, on the Extraordinary General Meeting held on 30 June 2023, the Company terminated the “2019 Share Award Scheme” and conditionally approved and adopt the New Share Award Scheme(the “2023 Share Award Scheme”). The purpose of the 2023 Share Award Scheme will provide the Company with more flexibility in long term planning of granting of the Awards to the Eligible Participants and also provide appropriate incentives or rewards to persons who contribute or may bring benefits to the Group.

The Scheme Mandate Limit under the 2023 Share Award Scheme will be 15,658,300 Shares, representing 10% of the total number of Shares in issue as at 30 June 2023; and (ii) the Service Provider Sublimit will be 1,565,830 Shares, representing 1% of the total number of Shares in issue as at 30 June 2023. Since the adoption of the 2023 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 2023 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 2023, 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 2023, 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 2023 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 2023, complied with the required standards set out therein.

PUBLICATION OF INFORMATION

This announcement is published on the websites of the Company (www.cwl.com) and the Stock Exchange (www.hkexnews.hk). The 2023 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, 25 August 2023

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.