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## **Wealthy Way Group Limited**

**富道集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3848)**

### **DISCLOSEABLE TRANSACTIONS FINANCIAL LEASING ARRANGEMENTS**

#### **FINANCIAL LEASING AGREEMENT**

Prior to the Listing, CWW Leasing entered into Financial Leasing Agreement I and Financial Leasing Agreement II with Lessee A (the “**Previous Financial Leasing Agreements**”). Pursuant to the Previous Financial Leasing Agreements, CWW Leasing would purchase from Supplier I and Supplier II the Lease Assets I and Lease Assets II, and direct leased to Lessee A such lease assets for a term of 24 months in return for lease payment.

On 25 October 2017, CWW Leasing entered into Financial Leasing Agreement III with Lessee B, pursuant to which, CWW Leasing has agreed to acquire the Lease Assets III from Supplier III, and in return for lease payment, CWW Leasing direct leased the Lease Assets III to Lessee B for a term of 24 months.

As Lessor A and Lessor B has a common controlling shareholder, they are connected persons to each other.

The aggregate lease payments during the lease term (including the principal and the financial leasing interests exclusive of VAT) are approximately RMB49,134,000 (equivalent to approximately HK\$58,273,000) (the “**Lease Payments**”). The total estimated value of the Lease Assets I, II and III is approximately RMB45,000,000 (equivalent to approximately HK\$53,370,000).

## IMPLICATIONS UNDER THE LISTING RULES

As the aggregate applicable percentage ratios for the transactions under the Previous Financial Leasing Agreements and the Financial Leasing Agreement III (collectively, the “**Financial Leasing Agreements**”) calculated in accordance with the Listing Rules are more than 5% but less than 25%, the Financial Leasing Agreements and the transactions contemplated thereunder constituted a discloseable transaction on the part of the Company under Rule 14.07 under the Listing Rules and is therefore subject to the reporting and announcement requirement under Chapter 14 of the Listing Rules.

## BACKGROUND

Prior to the Listing, CWW Leasing entered into Financial Leasing Agreement I and II with Lessee A. Pursuant to the Previous Financial Leasing Agreements, CWW Leasing would purchase from the Supplier I and II the Lease Assets I and II, and direct leased to Lessee A such Lease Assets for a term of 24 months in return for lease payments.

On 25 October 2017, CWW Leasing entered into Financial Leasing Agreement III with Lessee B, pursuant to which, CWW Leasing has agreed to acquire the Lease Assets III from Supplier III, and in return for lease payment, CWW Leasing direct leased the Lease Assets III to Lessee B for a term of 24 months.

To the best knowledge, information and belief of the Directors, both Lessee A and Lessee B are independent third parties to the Company.

The table below sets out the dates of the respective Financial Leasing Agreements, relevant purchase agreements, the Lease Assets and the consideration of the Lease Assets:

Financial Leasing Agreements	Date of the relevant purchase agreements	Date of the Financial Leasing Agreement(s)	Lease Assets	Consideration of the Lease Assets	
				RMB	(Equivalent amount of HK\$) (Approx.)
I	24 March 2017	24 March 2017	Lease Assets I	12,000,000	14,232,000
II	1 April 2017	1 April 2017	Lease Assets II	15,000,000	17,790,000
III	25 October 2017	25 October 2017	Lease Assets III	<u>18,000,000</u>	<u>21,348,000</u>
	Total:			<u><u>45,000,000</u></u>	<u><u>53,370,000</u></u>

The table below sets out the details of the Financial Leasing Agreements:

<b>Financial Leasing Agreements</b>	<b>Financial leasing principal amount</b> <i>RMB</i> <i>(Equivalent amount of HK\$) (Approx.)</i>	<b>Financial leasing interest income (exclusive of VAT)</b> <i>RMB</i> <i>(Equivalent amount of HK\$) (Approx.)</i>	<b>Security deposit from Lessee</b> <i>RMB</i> <i>(Equivalent amount of HK\$) (Approx.)</i>	<b>Outstanding financial leasing principal amount as at 25 October 2017</b> <i>RMB</i> <i>(Equivalent amount of HK\$) (Approx.)</i>
I	RMB12,000,000 (HK\$14,232,000)	RMB1,102,000 (HK\$1,307,000)	RMB500,000 (HK\$593,000)	RMB8,743,000 (HK\$10,369,000)
II	RMB15,000,000 (HK\$17,790,000)	RMB1,378,000 (HK\$1,634,000)	RMB600,000 (HK\$712,000)	RMB11,525,000 (HK\$13,669,000)
III	RMB18,000,000 (HK\$21,348,000)	RMB1,654,000 (HK\$1,962,000)	RMB800,000 (HK\$948,000)	RMB18,000,000 (HK\$21,348,000)
Total:	<u>RMB45,000,000</u> <u>(HK\$53,370,000)</u>	<u>RMB4,134,000</u> <u>(HK\$4,903,000)</u>	<u>RMB1,900,000</u> <u>(HK\$2,253,000)</u>	<u>RMB38,268,000</u> <u>(HK\$45,386,000)</u>

## **FINANCIAL LEASING AGREEMENTS**

Each of the Financial Leasing Agreements contains similar major terms to each other. The major terms of the Financial Leasing Agreements are summarised as below:

**Parties:** Lessor: CWW Leasing

Lessee: Lessee A under Financial leasing agreements I & II

Lessee: Lessee B under Financial leasing agreements III

## **Lease term**

The Lease Assets are leased from CWW Leasing to Lessee A and Lessee B, respectively for a term of 24 months.

## **Lease Payments**

The Lease Payments under the Financial Leasing Agreement I, II & III include principal of approximately RMB12,000,000 (equivalent to approximately HK\$ 14,232,000), RMB15,000,000 (equivalent to approximately HK\$17,790,000) and RMB18,000,000 (equivalent to approximately HK\$21,348,000) and the financial leasing interest income(exclusive of VAT) of approximately RMB1,102,000 (equivalent to approximately HK\$1,307,000), RMB1,378,000 (equivalent to approximately HK\$1,634,000) and RMB1,654,000 (equivalent to approximately HK\$1,962,000), all calculated based on the interest rate of 10.00% per annum, totaling approximately RMB13,102,000 (equivalent to approximately HK\$15,539,000), RMB16,378,000 (equivalent to approximately HK\$19,424,000) and RMB19,654,000 (equivalent to approximately HK\$23,310,000), respectively.

Lessee A and Lessee B shall pay the Lease Payments to CWW Leasing during the lease term by monthly instalments according to respective Financial Leasing Agreements.

## **Deposits**

Lessee A agreed to pay the security deposits of approximately RMB500,000 (equivalent to approximately HK\$593,000, bearing nil interests) and approximately RMB600,000 (equivalent to approximately HK\$712,000, bearing nil interests), which will be refunded to Lessee A from CWW Leasing at the end of the lease term under Financial Leasing Agreements I and II.

Lessee B agreed to pay the security deposits of approximately RMB800,000 (equivalent to approximately HK\$948,000, bearing nil interests), which will be refunded to Lessee B from CWW Leasing at the end of the lease term under Financial Leasing Agreement III.

## **Ownership of the Lease Assets**

During the lease term, the ownership of the Lease Assets shall be vested in CWW Leasing. If Lessee A and Lessee B have properly and fully performed all of its obligations under the respective Financial Leasing Agreements, upon the expiry of the Financial Leasing Agreements, CWW Leasing will transfer the ownership of Lease Assets to Lessee A and Lessee B, respectively at the consideration of RMB1.

## **Repurchase**

Supplier I, II and III undertook to repurchase the Lease Assets under request of CWW Leasing, on the condition that there is delay in the Lease Payments payable by Lessee A and B to CWW Leasing.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

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

The terms of the Financial Leasing Agreements were agreed after arm's length negotiations between the Parties and are on normal commercial terms. The Directors consider that the entering into of the Financial Leasing Agreements is in the ordinary and usual course of business of CWW Leasing, and will generate revenue and cashflow stream from the financial leasing interests received. The consideration to acquire the Lease Assets I and II under the Previous Financial Leasing Agreements was financed by the internal resources of the Group. The consideration to acquire the Lease Assets III under the Financial Leasing Agreements III will be financed by the net proceeds from the Listing of the Group.

Given the Financial Leasing Agreements were entered into in the ordinary and usual course of business of the CWW Leasing and on normal commercial terms, the Directors are of the view that the terms of the Financial Leasing Agreements are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the aggregate applicable percentage ratios for the transactions under the Financial Leasing Agreements calculated in accordance with the Listing Rules are more than 5% but less than 25%, the Financial Leasing Agreements and the transactions contemplated thereunder constituted a discloseable transaction on the part of the Company under Rule 14.07 under the Listing Rules and is therefore subject to the reporting and announcement requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of directors of the Company
“Company”	Wealthy Way Group Limited, a limited liability company incorporated in the Cayman Islands with its issued shares listed on the Main Board of the Stock Exchange
“CWW Leasing”	富道(中國)融資租賃有限公司 (Wealthy Way (China) Leasing Company Limited*), a company incorporated in the PRC as a wholly foreign owned enterprise on 5 April 2012 and an indirect wholly-owned subsidiary of our Company

“common controlling shareholder”	shareholder who holds 30% or above shares and can exercise or control the exercise of 30% or more of the voting power at general meeting or control the composition of a majority of the board of directors in both Lessee A and Lessee B
“Directors”	the directors of the Company
“Financial Leasing Agreement I”	the agreement entered into between CWW Leasing and the Lessee A on 24 March 2017, pursuant to which, CWW Leasing will acquire the Lease Assets I from the Supplier I for leasing to Lessee A
“Financial Leasing Agreement II”	the agreement entered into between CWW Leasing and the Lessee A on 1 April 2017, pursuant to which, CWW Leasing will acquire the Lease Assets II from the Supplier II for leasing to Lessee A
“Financial Leasing Agreement III”	the agreement entered into between CWW Leasing and the Lessee A on 25 October 2017, pursuant to which, CWW Leasing will acquire the Assets from the Supplier III for leasing to Lessee B
“Group”	the Company and its subsidiaries as at the date of this announcement
“HK\$”	the Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	any individual or company not being the connected persons (as defined under the Listing Rules) of the Company, independent of the Company and its connected persons (as defined under the Listing Rules) and not connected with them
“Lease Assets I”	a batch of 8 pieces of Microwave Power devices and amplifiers and 25 pieces of WIFI testing equipment
“Lease Assets II”	a set of an OTA rapid Test System and 40 pieces of WIFI testing equipment
“Lease Assets III”	a batch of 24 pieces of WIFI testing equipment and a set of probe station
“Lessee A”	a limited liability company established in the PRC, which is principally engaged in the provision of development and testing in systems, sales of testing device and instruments
“Lessee B”	a limited liability company established in the PRC, which is principally engaged in the provision of development and testing in systems, sales of testing device and instruments

“Listing”	the Company’s listing on the main board of the Stock Exchange on 21 July 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) with nominal value of RMB1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier I”	a limited liability company established in the PRC, which is principally engaged in the research in optical fibre communication and production and sales of corresponding instrument under Financial Leasing Agreement I
“Supplier II”	a limited liability company established in the PRC, which is principally engaged in the production and sales of optic optical fibre equipment and related measuring instrument under Financial Leasing Agreement II
“Supplier III”	a limited liability company established in the PRC, which is principally engaged in the sales of optical transmission equipment under Financial Leasing Agreement III
“VAT”	value added tax

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.186. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 25 October 2017

*As at the date of this announcement, the Board comprises Mr. LO Wai Ho and Ms. CHAN Shuk Kwan, Winnie as the executive Directors, Mr. XIE Weiquan as the non-executive Director, and Mr. HA Tak Kong, Mr. IP Chi Wai and Ms. HUNG Siu Woon Pauline as the independent non-executive Directors.*

\* *For identification purposes only*