Wealthy Way Group Limited
富道集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3848)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "Board") of Directors (the "Directors") of Wealthy Way Group Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*4*	**96,587**	71,243
Other income	*4*	**1,673**	38
Employee benefit expenses		**(7,384)**	(5,326)
Depreciation		**(496)**	(786)
Operating lease expense		**(913)**	(633)
Other operating expenses		**(5,976)**	(5,200)
Listing expense		**(8,999)**	(4,486)
Share of loss of an associate		**—**	(1)
Gain on disposal of an associate		**—**	2
Finance cost	*5*	**(34,758)**	(12,636)
Profit before income tax	*6*	**39,734**	42,215
Income tax expense	*7*	**(13,346)**	(12,655)

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Profit for the year attributable to the owners of the Company		**26,388**	29,560
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(3,722)**	(300)
Other comprehensive expense for the year attributable to the owners of the Company		**(3,722)**	(300)
Total comprehensive income for the year attributable to the owners of the Company		**22,666**	29,260
Earnings per share (RMB):			
Basic and diluted	*9*	**0.21**	0.27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,579**	1,234
Loan and account receivables	*10*	**699,464**	344,929
		701,043	346,163
Current assets			
Loan and account receivables	*10*	**447,876**	239,575
Prepayments, deposits and other receivables		**2,703**	2,931
Cash and cash equivalents		**55,973**	107,365
		506,552	349,871
Current liabilities			
Deposits from financial leasing customers		**200**	700
Due to related parties		**1,646**	3,900
Due to ultimate holding company		**4,327**	4,653
Accruals and other payables		**2,872**	2,657
Deferred income		**684**	2,086
Bank borrowings — secured	*11*	**117,569**	98,710
Tax payable		**8,302**	9,293
		135,600	121,999
Net current assets		**370,952**	227,872
Total assets less current liabilities		**1,071,995**	574,035

	Notes	**2017**	2016
		RMB'000	*RMB'000*
Non-current liabilities			
Deposits from financial leasing customers		**34,380**	14,445
Bank borrowings — secured	*11*	**551,114**	260,726
		585,494	275,171
Net assets		**486,501**	298,864
EQUITY			
Share capital	*12*	**1,248**	—*
Reserves		**485,253**	298,864
Total equity		**486,501**	298,864

* Amount less than RMB1,000

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital RMB'000 (Note 12)	Share premium RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2016	—*	—	(194)	213,000	5,567	45,831	264,204
Comprehensive income:							
Profit for the year	—	—	—	—	—	29,560	29,560
Other comprehensive expense:							
Exchange differences arising on translating foreign operations	—	—	(300)	—	—	—	(300)
Total comprehensive income for the year	—	—	(300)	—	—	29,560	29,260
Transaction with the owners of the Company:							
Issue of shares upon reorganisation	—*	—	—	—	—	—	—*
Capitalisation of advances from ultimate holding company	—	—	—	5,400	—	—	5,400
	—*	—	—	5,400	—	—	5,400
Transferred to statutory surplus reserve	—	—	—	—	3,642	(3,642)	—
At 31 December 2016	—*	—	(494)	218,400	9,209	71,749	298,864
At 1 January 2017	**—***	**—**	**(494)**	**218,400**	**9,209**	**71,749**	**298,864**
Comprehensive income:							
Profit for the year	**—**	**—**	**—**	**—**	**—**	**26,388**	**26,388**
Other comprehensive expense:							
Exchange differences arising on translating foreign operations	**—**	**—**	**(3,722)**	**—**	**—**	**—**	**(3,722)**
Total comprehensive income for the year	**—**	**—**	**(3,722)**	**—**	**—**	**26,388**	**22,666**
Transactions with the owners of the Company:							
Issue of new shares *(Note 12(d))*	**312**	**173,142**	**—**	**—**	**—**	**—**	**173,454**
Capitalisation issue of shares *(Note 12(e))*	**936**	**(936)**	**—**	**—**	**—**	**—**	**—**
Expenses incurred in connection with issue of new shares	**—**	**(8,483)**	**—**	**—**	**—**	**—**	**(8,483)**
	1,248	**163,723**	**—**	**—**	**—**	**—**	**164,971**
Transferred to statutory surplus reserve	**—**	**—**	**—**	**—**	**3,955**	**(3,955)**	**—**
At 31 December 2017	**1,248**	**163,723**	**(4,216)**	**218,400**	**13,164**	**94,182**	**486,501**

* *Amount less than RMB1,000*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 10 December 2015. The registered office of the Company is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The Company's principal place of business has been changed from Room 02, 8/F., Kam Chung Building, 52–58 Jaffe Road, Wanchai, Hong Kong to Room 02, 34/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong with effect from 1 August 2017.

The Company is an investment holding company. The principal activities of the Group are provision of financial leasing, factoring and advisory services in the People's Republic of China ("PRC"). The shares of the Company have been listed on the Main Board of the Exchange (the "Listing") by way of placing and public offer of shares (the "Share Offer") on 21 July 2017. 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").

The consolidated financial statements have been presented in Renminbi ("RMB"), which is same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements also comply with applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Exchange ("Main Board Listing Rules").

The consolidated financial statements have been prepared on historical cost basis.

3. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied for the first time the following amendments to HKFRSs issued by the HKICPA, which are relevant and mandatorily effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2017:

(i) *Amendments to HKAS 7 Disclosure Initiative*

(ii) *Amendments to HKAS 12 Recognition of Deferred Tax Assets for Unrealised losses*

(iii) *Annual Improvements to HKFRSs 2014–2016 Cycle Amendments to a number of HKFRSs*

The Group has not early applied any of the following new and revised HKFRSs, that have been issued but are not yet effective, in the consolidated financial statements:

HKFRS 9	Financial Instruments[1]
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or joint Venture[4]
Amendments to HKAS 40	Transfer of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods on or after 1 January 2018
2 Effective for annual periods on or after 1 January 2019
3 Effective for annual periods on or after 1 January 2021
4 Effective date not yet determined

4. REVENUE AND OTHER INCOME

Revenue represents income received and receivable from the provision of financial leasing, factoring and advisory services in the PRC.

An analysis of the Group's revenue and other income is as follows:

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Interest income from financial leasing	**56,978**	41,520
Interest income from factoring	**9,438**	1,425
Advisory services income		
— Financial leasing advisory services income	**26,986**	21,693
— Other financial advisory service income	**3,185**	6,605
	30,171	28,298
	96,587	71,243
Other income		
Bank interest income	**1,346**	35
Sundry income	**327**	3
	1,673	38

5. FINANCE COST

	2017	2016
	RMB'000	*RMB'000*
Interest on bank borrowings	**34,758**	12,636

6. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2017	2016
	RMB'000	*RMB'000*
Auditor's remuneration		
— Audit services	**579**	43
— Non-audit services	**206**	—
	785	43
Employee benefit expenses (including directors' remuneration)		
— Salaries, allowances and benefits in kind	**6,451**	4,466
— Retirement benefit scheme contributions	**933**	860
	7,384	5,326
Foreign exchange difference, net	**278**	—

7. INCOME TAX EXPENSE

	2017	2016
	RMB'000	*RMB'000*
The charge comprises:		
Current tax — PRC	**13,346**	12,655

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which entities in the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax under these jurisdictions.

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 year ended 31 December 2017 (2016 : Nil).

Under the Enterprise Income Tax Law of PRC (the "EIT Law") and the Implementation Regulation of the EIT Law, the subsidiaries in the PRC are subject to the tax rate of 25% (2016: 25%) on the estimated assessable profits for the year ended 31 December 2017.

The income tax expense for the year can be reconciled to the accounting profit before income tax per the consolidated statement of comprehensive income as follows:

	2017	2016
	RMB'000	*RMB'000*
Profit before income tax	**39,734**	42,215
Tax calculated at the rates applicable to the tax jurisdiction concerned	**10,999**	11,195
Tax effect of non-taxable income	**(29)**	—
Tax effect of non-deductible expenses	**2,376**	1,460
Income tax expense	**13,346**	12,655

8. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2017 (2016: Nil).

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

9. EARNINGS PER SHARE

	2017	2016
Earnings:		
Profit for the year attributable to the owners of the Company (RMB'000)	**26,388**	29,560
Number of shares:		
Weighted average number of ordinary shares (in thousand)	**124,175**	108,000

The number of shares used for the purpose of calculating basic earnings per share has been retrospectively adjusted for the issue of shares during the Reorganisation and the capitalisation issue of shares (Note 12(e)) as if the issuance of shares had occurred on 1 January 2016.

Diluted earnings per share amount was the same as the basic earnings per share as there were no potential ordinary shares outstanding during the year ended 31 December 2017 (2016: No potential ordinary shares).

10. LOAN AND ACCOUNT RECEIVABLES

	Notes	2017 RMB'000	2016 RMB'000
Non-current assets:			
Financial leasing receivables	*(a)*	**661,514**	329,429
Factoring loan receivables	*(b)*	**37,950**	15,500
		699,464	344,929
Current assets:			
Financial leasing receivables	*(a)*	**275,772**	213,712
Factoring loan receivables	*(b)*	**172,074**	25,863
Account receivables	*(c)*	**30**	—
		447,876	239,575
Total		**1,147,340**	584,504

Notes:

(a) For financial leasing receivables, the customer 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 lease period. The maturity date for each financing leasing contract is normally not more than 8 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 5.4% to 15.3% (2016: 5.1% to 14.9%) per annum as at 31 December 2017.

As at 31 December 2017, the Group's financial leasing receivables of approximately RMB216,204,000 (2016: RMB266,336,000) were carried at fixed-rate and the remaining balances of approximately RMB721,082,000 (2016: RMB276,805,000) were carried at variable-rate.

	Minimum lease payments		**Present value of minimum lease payments**	
	2017 *RMB'000*	2016 *RMB'000*	**2017** *RMB'000*	2016 *RMB'000*
Financial leasing receivables comprise:				
Within one year	**324,652**	246,664	**275,772**	213,712
More than one year but not exceeding five years	**710,367**	271,381	**651,837**	242,332
More than five years	**9,733**	92,093	**9,677**	87,097
	1,044,752	610,138	**937,286**	543,141
Less: Unearned finance income	**(107,466)**	(66,997)	**—**	—
Present value of minimum lease payment	**937,286**	543,141	**937,286**	543,141

Financial leasing receivables are mainly secured by the leased assets which are equipment and machinery used in airline, medical, manufacturing, green energy, public utilities and other transportation industries, certain guarantees and customers' deposits. Additional collateral may be obtained from customers to secure their repayment obligations under financial leasing and such collateral include vehicle licence. At the end of each reporting date, the carrying amounts of each of the categories of financial leasing receivables based on the industries of the lessees are as follows:

	2017	2016
	RMB'000	*RMB'000*
Airline company	**667,045**	290,071
Health care service provider	**27,373**	77,324
Energy saving equipment provider	**2,299**	50,527
Public utilities provider	**3,706**	16,740
Others		
— Logistic service provider	**29,802**	22,064
— Manufacturer *(Note a)*	**126,036**	14,092
— Miscellaneous *(Note b)*	**81,025**	72,323
	937,286	543,141

Notes:

(a) The lessees which were manufacturers were mainly engaged in the production of electronic components and plastic modules.

(b) Miscellaneous included corporate customers mainly engaged in telecommunication, electronic and carpark operation industries.

(b) For the factoring loan receivables, the credit period granted to each of the customers is generally for a period of 1 year to 2 years. The effective interest rates of the above factoring loan receivables is ranging from 7.7% to 16.3% (2016: 11.2% to 15.0%) per annum as at 31 December 2017.

As at 31 December 2017, the factoring loan receivables was collateralised by the customers' accounts receivables with principal amount of approximately RMB306,810,000 (2016: RMB61,887,000).

(c) For account receivables, it comprises receivables in respect of advisory services. The customers are obliged to settle the amounts according to the terms set out in the relevant contracts and, normally, no credit period is granted to customers.

The directors of the Company consider that the fair values of loan and account 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.

Based on the maturity date set out in the relevant contracts, ageing analysis of the Group's loan and account receivables as of each reporting date is as follows:

	2017	2016
	RMB'000	*RMB'000*
0 to 30 days	**60,478**	16,721
31 to 90 days	**80,951**	66,135
91 to 365 days	**306,447**	156,719
Over 365 days	**699,464**	344,929
	1,147,340	584,504

Ageing analysis of the Group's loan and account receivables, prepared based on due date, that was not impaired is as follows:

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**1,133,935**	584,504
1 to 90 days past due	**13,405**	—
	1,147,340	584,504

Loan and account receivables which were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Management reviews and assesses for impairment individually based on customers' payment history and the values of the assets pledged. Loan and account receivables that were past due but not impaired relate to customers that have good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality for these customers and the balances are still considered fully recoverable.

On 19 March 2018, the Group entered into certain factoring agreements with certain financial institutions and customers in relation to financial leasing receivables which have been past due as at 31 December 2017. Under the arrangements, the Group assigned the financial leasing receivables to the financial institutions in exchange for payment by the financial institutions for the acquisition of the financial leasing receivables owned by the Group. The customers will settle the outstanding amount directly to the relevant financial institutions upon maturity. The Group has to pay an arrangement fee of RMB5,000 to the financial institutions for the assignment of such receivables. As a results, the Group is not under any obligation to repay any outstanding amount owed to the financial institutions under the factoring agreement in the event that the customers fail to pay upon maturity. Consequently, such financial leasing receivables are derecognised from the Group's financial leasing receivables balance when the Group is paid in full by the financial institutions.

11. BANK BORROWINGS

	2017	2016
	RMB'000	*RMB'000*
Carrying amount repayable*:		
Within one year	**117,569**	98,710
More than one year, but not exceeding two years	**147,569**	96,210
More than two years, but not exceeding five years	**393,868**	116,129
More than five years	**9,677**	48,387
Bank loans — secured	**668,683**	359,436
Less: Amount shown under current liabilities	**(117,569)**	(98,710)
Amount shown under non-current liabilities	**551,114**	260,726

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

As at 31 December 2017, the Group's bank borrowings were variable-rate borrowings which carried annual interests per annum ranging from 105% to 110% (2016: 105% to 110%) of the benchmark rate offered by the People's Bank of China. As at 31 December 2017, the effective interest rates of the Group's secured bank loans were ranging from 4.5% to 5.0% (2016: 4.8% to 5.6%) per annum.

As at 31 December 2017, all of the Group's bank borrowings were secured by charges over certain leased assets (2016: all).

The Group's bank borrowings are denominated in RMB which is the functional currency of the relevant group entity.

12. SHARE CAPITAL

	Number of ordinary shares	Amount *HK$'000*
Authorised:		
At 1 January 2016 and 31 December 2016	39,000,000	390
Increase in authorised share capital *(note b)*	19,961,000,000	199,610
At 31 December 2017	20,000,000,000	200,000

	Number of ordinary shares	Amount *RMB'000*
Issued and fully paid:		
At 1 January 2016	1	—*
Issue of shares upon Reorganisation *(note c)*	999	—*
At 31 December 2016 and 1 January 2017	1,000	—*
Issue of new shares by Share Offer *(note d)*	36,000,000	312
Capitalisation issue of Shares *(note e)*	107,999,000	936
At 31 December 2017	144,000,000	1,248

* Amount less than RMB1,000

Notes:

(a) The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 10 December 2015 with the authorised share capital of amount of HK$390,000 divided into 39,000,000 ordinary shares of HK$0.01 each, of which one share was allotted and issued at HK$0.01 to the initial subscriber on 10 December 2015, which was subsequently transferred to Wealthy Rise, as an ultimate holding company and is wholly and beneficially-owned by Mr. Lo the executive director of the Company, on the same date.

(b) Pursuant to the written resolutions of the Shareholders passed on 19 June 2017, conditional on the conditions as set out in the section headed "Structure and Conditions of the Share Offer" in the Prospectus, the authorised share capital of the Company was increased from HK$390,000 to HK$200,000,000 by creation of an additional 19,961,000,000 shares to rank *pari passu* with the existing shares.

(c) On 24 May 2016, Wealthy Rise transferred its entire shareholding interests in China Wealthy Way Group Limited and its subsidiaries to the Company in consideration of the allotment and issue of 999 ordinary shares of the Company of HK$0.01 each, all credited as fully paid.

(d) On 21 July 2017, 36,000,000 ordinary shares of HK$0.01 each of the Company were issued at a price of HK$5.56 by way of Share Offer. On the same date, the Company's shares were listed on the Exchange. Out of the proceeds, an amount of HK$360,000 (approximately RMB312,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining amount of the proceeds of HK$199,800,000 (approximately RMB173,142,000), before issue expenses, were credited to the share premium account.

(e) Pursuant to the written resolutions of the shareholders passed on 19 June 2017, conditional upon the share premium account of the Company being credited as a result of the Share Offer of the Company's shares, the directors of the Company were authorised to capitalise an amount of HK$1,079,000 (approximately RMB936,000) standing to the credit of the share premium account of the Company and applied in paying up in full at par a total of 107,999,000 shares for allotment and issue to the shareholders of the Company (the "Capitalisation Issue"), all of which shall rank *pari passu* in all respects with the existing shares. The Capitalisation Issue was completed on 21 July 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Company was successfully listed on the Main Board of the Exchange on 21 July 2017. During the year ended 31 December 2017, the operating results of the Group grew steadily and the revenue of the Group was mainly derived from financial leasing interest income, financial leasing related factoring service income and advisory services income, accounting for approximately 59.0%, 9.8% and 31.2% of the total revenue of the Group, respectively.

The financial leasing industry in China experienced extremely rapid growth in 2017. Due to the improvement of industry regulation system and the simplification of declaration procedure for financial leasing company, the Directors anticipated that stable growth of the Group's business in the PRC will continue in the near future. The Group's financial leasing services and advisory services are provided to customers mainly including airline company, health care service provider and manufacturer.

Over the years, the Group has accumulated knowledge and experience in meeting the financing needs of customers in various industries and of different sizes in the PRC. The Group's financial leasing services are provided to customers who have financing needs as an alternative source of financing to traditional sources of financing. The Directors expect that not only the customers but also other companies in their industries will continue to have demand for financial leasing services. And the Directors believe that maintaining good relationship with the customers, equipment manufacturers and banks is crucial to the Group's continued success.

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 financial leasing related factoring; (iii) financial leasing advisory services income; and (iv) other financial advisory services income. The Group's financial leasing services include sale-leaseback as well as direct financial leasing.

The revenue recorded a significant increase by approximately 35.6% from approximately RMB71.2 million for the year ended 31 December 2016 to approximately RMB96.6 million for the year ended 31 December 2017. The increase was mainly due to the Group's business expansion and new financial leasing contracts entered between the Group and the customers in 2017. For the year ended 31 December 2017, the interest income from financial leasing contributed approximately RMB57.0 million (for the year ended 31 December 2016: approximately RMB41.5 million). The interest income from financial leasing related factoring for the year ended 31 December 2017 contributed approximately RMB9.4 million (for the year ended 31 December 2016: approximately RMB1.4 million). The Group's advisory services mainly include financial leasing advisory services, and other financial advisory services. For the year ended 31 December 2017, advisory services income contributed approximately

RMB30.2 million (for the year ended 31 December 2016: approximately RMB28.3 million). The Directors intend to remain focused on the financial leasing services and factoring in the future to achieve long term growth.

Other income

Other income increased by approximately RMB1.64 million from approximately RMB38,000 for the year ended 31 December 2016 to approximately RMB1.67 million for the year ended 31 December 2017 due to the interest income gained from the short-term investment which was fully redeemed in June 2017.

Employee benefit expenses

Employee benefit expenses included primarily employee salaries and costs associated with other benefits. The employee benefit expenses increased by approximately RMB2.1 million or 39.6% from approximately RMB5.3 million for the year ended 31 December 2016 to approximately RMB7.4 million for the year ended 31 December 2017 due to the increase in the manpower for the Group's expanding business.

Other operating expenses

Other operating expenses included primarily the entertainment expense, legal and professional fee, travelling expenses, etc. For the year ended 31 December 2017, the other operating expenses was approximately RMB6.0 million (for the year ended 31 December 2016: approximately RMB5.2 million), representing approximately 6.2% of the Group's total revenue (for the year ended 31 December 2016: approximately 7.3%).

Listing expense

For the year ended 31 December 2017, the listing expenses was approximately RMB9.0 million (for the year ended 31 December 2016: approximately RMB4.5 million), which was non-recurring in nature.

Finance Cost

The finance cost increased by approximately 176.2% from approximately RMB12.6 million for the year ended 31 December 2016 to approximately RMB34.8 million for the year ended 31 December 2017. This was due to the new bank borrowings raised for business expansion.

Profit for the year attributable to the owners of the Company

Profit for the year decreased by approximately RMB3.2 million or 10.8% from approximately RMB29.6 million for the year ended 31 December 2016 to approximately RMB26.4 million for the year ended 31 December 2017. Such decrease was mainly due to the increase in employee benefit expenses and listing expense.

Final dividend

The Board did not recommend the payment of any final dividend for the year ended 31 December 2017 (year ended 31 December 2016: Nil).

Liquidity, financial resources and capital resources

As at 31 December 2017, the cash and cash equivalents were approximately RMB56.0 million (31 December 2016: approximately RMB107.4 million). The working capital (current assets less current liabilities) and total equity of the Group were approximately RMB371.0 million (31 December 2016: approximately RMB227.9 million) and approximately RMB486.5 million (31 December 2016: approximately RMB298.9 million).

As at 31 December 2017, the Group's bank borrowings with maturity within one year amounted to approximately RMB117.6 million (31 December 2016: approximately RMB98.7 million) and the Group's bank borrowings with maturity exceed one year amounted to approximately RMB551.1 million (31 December 2016: approximately RMB260.7 million).

Gearing ratio (total bank borrowings/total equity) as at 31 December 2017 was approximately 137.4% (31 December 2016: approximately 120.3%). Such increase was mainly due to increasing bank borrowings for business expansion.

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; and (iii) accounts receivables of advisory services fees. As at 31 December 2017, the loan and account receivables were approximately RMB1,147.3 million (31 December 2016: approximately RMB584.5 million), and this increase was mainly due to the expansion of financial leasing business during 2017.

Capital commitments

As at 31 December 2017, the Group had no capital commitments (31 December 2016: Nil).

Employees and remuneration policy

As at 31 December 2017, the Group employed 40 full time employees (as at 31 December 2016: 28) for its principal activities. Employees' benefits expenses (including Directors' emoluments) amounted to approximately RMB7.4 million for the year ended 31 December 2017 (year ended 31 December 2016: RMB5.3 million). The Group recognises 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 may be 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 PRC for the PRC financial leasing market. Accordingly, the Group's business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in the PRC.

Being a financial leasing service provider, the Group has implemented a risk management system to mitigate the risks in daily operations. The risk management structure of the Group consists of the risk control committee at the top, under which are risk management department, business development department, and accounting and finance department. Each potential opportunity is assessed by the business development department on customer's background, credit records, financials and the underlying assets. The risk management department reviews all given information and thoroughly considers relevant risk factors. Where necessary, external legal advisors are engaged to review the legal issues in the project. 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-leasing management on the customers and monitor financial leasing receivables.

The Directors take both macro and micro economic conditions into account before making business decisions. Despite the recent slow-down of the PRC economy in general, the Group has been able to continue to increase revenues and financial leasing receivables during the year ended 31 December 2017. The Group will continue to improve risk management capabilities. The Group would further streamline process workflow to enhance customer selection process, including credit assessment and approval procedures. In addition, the Group intends to upgrade information technology system, to more closely monitor each of the customers' financial and operational status. Finally, the Group will continue to expand risk management team to cater for expanding business operations.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any material contingent liabilities (31 December 2016: Nil).

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company was listed on the Main Board of the Exchange on 21 July 2017. The actual net proceeds from the placing and public offer of the 36,000,000 new shares of the Company (the "Share Offer") were approximately HK$172.5 million (equivalent to RMB148.1 million). The Group intended to use the net proceeds from the Share Offer to achieve future plans mainly in the following manner: (i) 70%, or approximately HK$120.8 million (equivalent to RMB103.7 million), to be applied towards expanding current financial leasing operation; (ii) 20%, or approximately HK$34.5 million (equivalent to RMB29.6 million) to be applied towards developing new financial leasing related factoring business; and (iii) the remaining balance of 10%, or approximately HK$17.2 million (equivalent to RMB14.8 million), to be used as the Group's general working capital.

As at 31 December 2017, the Company has utilised the net proceeds of approximately HK$172.5 million raised from the Share Offer in accordance with the intended use of proceeds set out in the Company's prospectus.

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 ("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 14,400,000 shares of the Company in total.

There were no share options outstanding under the Share Option Scheme for the year ended 31 December 2017 nor were any share options granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme during the year ended 31 December 2017.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material subsequent event after 31 December 2017 and up to the date of this announcement.

OUTLOOK AND PLANS

In 2017, the Directors have seen the maintenance in overall stability and progressive development of the overall economy in China. Despite the global divergent economic recovery and challenging operation environment, the Group managed to achieve steady growth in comparison to previous corresponding period. The Group will continue with current prudent approach, effectively controlling cost and conservatively promoting business amongst customers of high calibre to adapt to this challenging environment. Looking ahead to 2018, the Group will continue to enhance risk management capabilities; expand business operation into financial leasing related factoring service to capture growth opportunities; develop business with existing and new customers in industries with growth potential; strengthen management team by hiring senior staff with industry experience; and build up customer loyalty to the Group in order to strive for sustainable growth.

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 Exchange Hong Kong Limited ("Listing Rules"). During the year ended 31 December 2017, 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.

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

Since the Listing date to 31 December 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 Ms. Hung Siu Woon Pauline. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2017.

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 year ended 31 December 2017, 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 Exchange (www.hkexnews.hk). The 2017 annual report will be despatched to shareholders of the Company and available on the above websites in due course.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

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

Hong Kong, 26 March 2018

As at the date of this announcement, the Board comprises Mr. Lo Wai Ho and Ms. Chan Shuk Kwan Winnie as executive Directors; Mr. Xie Weiquan as non-executive Director; and Mr. Ha Tak Kong, Mr. Ip Chi Wai and Ms. Hung Siu Woon Pauline as independent non-executive Directors

* *The English name is for identification purpose only*