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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 TRANSACTION FACTORING ARRANGEMENTS

FACTORING AGREEMENTS

On 27 June 2018, CWW Leasing entered into the Factoring Agreement I (the “**Previous Factoring Agreement**”) with Customer A, pursuant to which, CWW Leasing has agreed to provide financing being secured by accounts receivable of Customer A for a period of 6 months from the date of signing of the Previous Factoring Agreement. According to the Previous Factoring Agreement, CWW Leasing has agreed to provide accounts receivable factoring services and non-revolving financing with principal amount in a maximum of RMB25,000,000 (equivalent to approximately HK\$28,400,000) to Customer A. The aforementioned Previous Factoring Agreement was settled on 24 December 2018.

On 24 December 2018, CWW Factoring entered into a non-revolving factoring facility agreement (the “**New Factoring Facility Agreement**”) with Customer A, pursuant to which, CWW Factoring has agreed to provide a non-revolving factoring facility in a maximum of RMB45,000,000 (equivalent to approximately HK\$51,120,000) to Customer A for a period of 18 months from the date of signing of the factoring facility agreement.

On 24 December 2018, CWW Factoring entered into the Factoring Agreement II (the “**New Factoring Agreement**”) with Customer A, pursuant to which, CWW Factoring has agreed to provide financing being secured by accounts receivable of Customer A for a period of 18 months from the date of signing of the New Factoring Agreement, with principal amount of RMB45,000,000 (equivalent to approximately HK\$51,120,000), which is under the non-revolving factoring facility in abovementioned New Factoring Facility Agreement.

IMPLICATIONS UNDER THE LISTING RULES

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

BACKGROUND

On 27 June 2018, CWW Leasing entered into the Financing Factoring Agreement I (the “**Previous Factoring Agreement**”) with Customer A, pursuant to which, CWW Leasing has agreed to provide financing being secured by accounts receivable of Customer A for a period of 6 months from the date of signing of the Previous Factoring Agreement. According to the Previous Factoring Agreement, CWW Leasing has agreed to provide accounts receivable factoring services and non-revolving financing with principal amount in a maximum of RMB25,000,000 (equivalent to approximately HK\$28,400,000) to Customer A. The aforementioned Previous Factoring Agreement was settled on 24 December 2018.

On 24 December 2018, CWW Factoring entered into a non-revolving factoring facility agreement (the “**New Factoring Facility Agreement**”) with Customer A, pursuant to which, CWW Factoring has agreed to provide a non-revolving factoring facility in a maximum of RMB45,000,000 (equivalent to approximately HK\$51,120,000) to Customer A for a period of 18 months from the date of signing of the factoring facility agreement.

On 24 December 2018, CWW Factoring entered into the Factoring Agreement II (the “**New Factoring Agreement**”) with Customer A, pursuant to which, CWW Factoring has agreed to provide financing being secured by accounts receivable of Customer A for a period of 18 months from the date of signing of the New Factoring Agreement, with principal amount of RMB45,000,000 (equivalent to approximately HK\$51,120,000), which is under the non-revolving factoring facility in abovementioned New Factoring Facility Agreement, in return for (i) factoring interest income; and (ii) transfer of the legal title of accounts receivable created in the ordinary and usual course of business of Customer A with its customer(s) (i.e. debtor(s) of Customer A) from Customer A to CWW Factoring. If there is any event of default of the terms of the factoring agreement, CWW Factoring may exercise its right of recourse and demand for repurchase of the accounts receivable by Customer A. Under such circumstances, Customer A shall be liable to pay the factoring expenses, default compensation and the outstanding factoring principal amount to CWW Factoring.

To the best knowledge, information and belief of the Directors, Customer A is an Independent Third Party to the Company.

The table below sets forth the respective date of these factoring agreements and the consideration for accounts receivable:

Factoring agreement	Date of relevant factoring agreement	Nature of factoring agreement	Consideration of accounts receivable	
			RMB	(Equivalent amount in HK\$) (Approximately)
I	27 June 2018	Non-revolving	25,000,000	28,400,000
II	24 December 2018	Non-revolving	45,000,000	51,120,000

The table below sets forth the details of each of the factoring agreements:

Factoring agreement	Principal amount of the factoring agreement (exclusive of VAT) RMB (Equivalent amount in HK\$) (Approximately)	Interest income from the factoring agreement (exclusive of VAT) RMB (Equivalent amount in HK\$) (Approximately)	Outstanding principal amount under the factoring agreement as at 24 December 2018
			RMB (Equivalent amount in HK\$) (Approximately)
I	RMB25,000,000 (HK\$28,400,000)	RMB943,000 (HK\$1,071,000)	RMB0 (HK\$0)
II	RMB45,000,000 (HK\$51,120,000)	RMB5,425,000 (HK\$6,163,000)	RMB45,000,000 (HK\$51,120,000)
Total:	RMB70,000,000 (HK\$79,520,000)	RMB6,368,000 (HK\$7,234,000)	RMB45,000,000 (HK\$51,120,000)

NEW FACTORING FACILITY AGREEMENT WITH CUSTOMER A

The principal terms of the New Factoring Facility Agreement are set out as follows:

Date of agreement:	24 December 2018
Parties:	CWW Factoring Customer A
Financing term:	1.5 years from the date of signing of the New Revolving Factoring Facility Agreement (or the date on which the factoring principal amount and factoring expenses are fully settled, whichever is the later)
Transfer of accounts receivable:	Subject to the terms and conditions of the New Factoring Facility Agreement, the accounts receivable of Customer A as referred to in the underlying transaction documents entered into between the parties pursuant to the New Factoring Facility Agreement shall be transferred to CWW Factoring.
Factoring principal amount:	A maximum of RMB45,000,000 (equivalent to approximately HK\$51,120,000)
Interest rate:	the interest rate of 10% per annum, subject to adjustment in accordance with applicable benchmark interest rate published by the People's Bank of China

FACTORING AGREEMENT II WITH CUSTOMER A

The principal terms and conditions of the factoring agreement are summarised as follows:

Date of agreement:	24 December 2018 (Factoring Agreement II)
Parties:	CWW Factoring Customer A
Financing term:	1.5 year from the date of signing of the factoring agreement (or the date on which the factoring principal amount and factoring expenses are fully settled, whichever is the later)
Transfer of accounts receivable:	Subject to the terms and conditions of the factoring agreement, the accounts receivable of Customer A as referred to in the underlying transaction documents entered into between the parties pursuant to the factoring agreement shall be transferred to CWW Factoring.

Factoring principal amounts:	RMB45,000,000 (equivalent to approximately HK\$51,120,000) in aggregate (Factoring Agreement II)
Interest rate:	The interest rate of 10% per annum, subject to adjustment in accordance with applicable benchmark interest rate published by the People's Bank of China
Factoring interest:	The factoring interest shall be payable by Customer A to CWW Factoring on a semi-annually basis pursuant to the terms of the factoring agreements and the underlying transaction documents entered into between the parties pursuant to the factoring agreements.
Repayment of the factoring principal amount:	The factoring principal amount is repayable upon the expiry of the factory agreements pursuant to the terms and conditions of the factoring agreements and the underlying transaction documents entered into between the parties pursuant to the factoring agreements.
Factoring expenses:	The factoring expenses comprise (i) the factoring interest; (ii) the default interest in respect of the outstanding factoring principal amount due but not repaid; (iii) the default interest in respect of the factoring interest due but not paid; and (iv) other expenses incurred by CWW Factoring in the course of rendering the accounts receivable factoring services and shall be payable pursuant to the terms of the factoring agreements and the underlying transaction documents entered into between the parties pursuant to the factoring agreements.
Repurchase:	CWW Factoring shall be entitled to demand Customer A to immediately and unconditionally repurchase the outstanding amount of accounts receivable being transferred to CWW Factoring, repay the outstanding factoring principal amount and pay the factoring expenses in the event that any of the triggering events (including but not limited to the following) occurs: <ul style="list-style-type: none"> (i) Customer A failing to properly fulfill the obligations under the factoring agreement; (ii) Customer A breaching any of its statements, guarantees or commitments under the factoring agreement, or any of such statements, guarantees or commitments is false, untrue, incomplete or misleading; (iii) CWW Factoring being unable to receive the timely payment in full of the accounts receivable by the debtor(s) of Customer A.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

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

The terms of the 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 Agreements are in the ordinary and usual course of business of CWW Factoring and will generate revenue and cash flow from the factoring interest. The provision of factoring principal amount to Customer A under the Agreements was and will be financed by the internal resources of the Group.

Given the Agreements were entered into in the ordinary and usual course of business of the Company and on normal commercial terms, the Directors are of the view that the terms of the 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 applicable percentage ratios for the transactions contemplated under the Agreements calculated in accordance with the Listing Rules are more than 5% but less than 25%, the agreements and the transactions contemplated thereunder constituted discloseable transactions on the part of the Company under Rule 14.07 under the Listing Rules and are 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 the Company
“CWW Factoring”	深圳市富道商業保理有限公司 (Shenzhen Wealthy Way Commercial Factoring Company Limited*), a company incorporated in the PRC on 29 June 2016 and an indirect wholly-owned subsidiary of the Company
“Directors”	the directors of the Company

“Factoring Agreement I”	the agreement entered into between CWW Leasing and Customer A on 27 June 2018, which is a non-revolving factoring financial agreement, pursuant to which, CWW Leasing has agreed to provide financing being secured by accounts receivable of Customer A for a period of 6 months from the date of signing of the agreement
“Factoring Agreement II”	the agreement entered into between CWW Factoring and Customer A on 24 December 2018, which is a non-revolving factoring financial agreement, pursuant to which, CWW Factoring has agreed to provide financing being secured by accounts receivable of Customer A for a period of 18 months from the date of signing of the agreement
“New Factoring Facility Agreement”	the agreement entered into between CWW Factoring and Customer A on 24 December 2018, which is a non-revolving factoring financial facility agreement, pursuant to which, CWW Factoring has agreed to provide financing being secured by accounts receivable of Customer A for a period of 18 months from the date of signing of the agreement
“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 person or company who is not a connected person (as defined under the Listing Rules) of the Company, and is independent from and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Customer A”	a company established in the PRC with limited liability, which is principally engaged in industrial business, domestic commercial business and the management of real estate
“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 HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	value-added tax

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.136. 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, 24 December 2018

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*