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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 THE FACTORING ARRANGEMENT

FACTORING AGREEMENT

On 10 May 2019, CWW Factoring entered into a factoring financial agreement (the “**Factoring Agreement**”) with Customer B, pursuant to which, CWW Factoring has agreed to provide financing being secured by accounts receivable of Customer B for a period of 12 months from the date of signing of the Factoring Agreement. According to the Factoring Agreement, CWW Leasing has agreed to provide accounts receivable factoring services and a non-revolving facility with a maximum principal amount of RMB30,000,000 (equivalent to approximately HK\$35,040,000) to Customer B.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios for the transactions contemplated under the Factoring Agreement (collectively as “**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 requirements under Chapter 14 of the Listing Rules.

On 10 May 2019, CWW Factoring entered into the Factoring Agreement with Customer B, pursuant to which, CWW Factoring has agreed to provide financing being secured by accounts receivable of Customer B for a period of 12 months from the date of signing of the Factoring Agreement. According to the Factoring Agreement, CWW Leasing has agreed to provide accounts receivable factoring services and a non-revolving facility with a maximum principal amount of RMB30,000,000 (equivalent to approximately HK\$35,040,000) to Customer B, 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 B with its customer(s) (i.e. debtor(s) of Customer B) from Customer B 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 B. Under such circumstances, Customer B 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 B is an Independent Third Party to the Company.

The table below sets forth the date of the factoring agreement and the consideration for accounts receivable:

	Date of relevant factoring agreement	Nature of factoring agreement	Consideration of accounts receivable	
			<i>RMB</i>	<i>(Equivalent amount in HK\$)</i> <i>(Approximately)</i>
Factoring Agreement	10 May 2019	Non-revolving	30,000,000	35,040,000

The table below sets forth the details of the factoring agreement:

	Principal amount of the factoring agreement (exclusive of VAT) <i>RMB</i> <i>(Equivalent amount in HK\$)</i> <i>(Approximately)</i>	Interest income from the factoring agreement (exclusive of VAT) <i>RMB</i> <i>(Equivalent amount in HK\$)</i> <i>(Approximately)</i>	Outstanding principal amount under the factoring agreement as at 10 May 2019 <i>RMB</i> <i>(Equivalent amount in HK\$)</i> <i>(Approximately)</i>
Factoring Agreement	RMB30,000,000 <u>(HK\$35,040,000)</u>	RMB2,877,000 <u>(HK\$3,360,000)</u>	RMB30,000,000 <u>(HK\$35,040,000)</u>
Total:	RMB30,000,000 <u><u>(HK\$35,040,000)</u></u>	RMB2,877,000 <u><u>(HK\$3,360,000)</u></u>	RMB30,000,000 <u><u>(HK\$35,040,000)</u></u>

FACTORING AGREEMENT WITH CUSTOMER B

The principal terms and conditions of the Factoring Agreement are summarized as follows:

Date of agreement:	10 May 2019 (Factoring Agreement)
Parties:	CWW Factoring Customer B
Financing term:	12 months 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 B 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 amount:	RMB30,000,000 (equivalent to approximately HK\$35,040,000) in aggregate (Factoring Agreement)
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 B to CWW Factoring on a quarterly basis pursuant to the terms of the Factoring Agreement and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement.
Repayment of the factoring principal amount:	The factoring principal amount is repayable upon the expiry of the Factoring Agreement pursuant to the terms and conditions of the Factoring Agreement and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement.
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 Agreement and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement.

Repurchase: CWW Factoring shall be entitled to demand Customer B 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:

- (i) Customer B failing to properly fulfill the obligations under the Factoring Agreement;
- (ii) Customer B 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 B;

Guarantee: The Guarantor(s) have provided a guarantee in favor of CWW Factoring in respect of all factoring amounts and default compensations payable by Customer B to CWW Factoring under the Factoring Agreement.

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 Factoring Agreement 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 Factoring Agreement are in the ordinary and usual course of business of CWW Factoring and will generate revenue and cash flows from the factoring interest. The provision of factoring principal amount to Customer B under the Factoring Agreement is financed by the internal resources of the Group.

Given the Factoring Agreement was 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 Factoring Agreement 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 Factoring Agreement calculated in accordance with the Listing Rules are more than 5% but less than 25%, the Factoring Agreement 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 requirements 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 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
“Director(s)”	the director(s) of the Company
“Factoring Agreement”	the agreement entered into between CWW Factoring and Customer B on 10 May 2019, 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 B for a period of 12 months from the date of signing of the agreement
“Group”	the Company and its subsidiaries as at the date of this announcement
“Guarantor(s)”	an Independent Third Party and a limited company established in the PRC mainly engaged in investment and other businesses
“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 B”	a company established in the PRC with limited liability, which is principally engaged in the business of construction works
“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 share 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\$1.168. 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, 10 May 2019

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*