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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022, together with the comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	5	99,588	113,871
Other income	5	18,314	10,764
Employee benefit expenses		(22,116)	(22,659)
Depreciation	7	(2,475)	(3,003)
Other operating expenses		(15,748)	(23,591)
Impairment loss on intangible assets (Provision for)/Reversal of expected credit losses (“ ECLs ”) on loan and account receivables, net		(3,369)	–
Finance cost	6	(19,081)	(24,853)
Profit before income tax	7	34,953	57,777
Income tax expense	8	(10,841)	(17,558)
Profit for the year		24,112	40,219

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit for the year attributable to:			
Equity holders of the Company		24,112	30,582
Non-controlling interests		—	9,637
		24,112	40,219
Other comprehensive (expenses)/income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		(243)	(788)
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation		(1,589)	848
Fair value (loss)/gain on financial asset at fair value through other comprehensive income (“FVOCI”)		(10,342)	4,889
Other comprehensive (expenses)/income for the year, net of income tax			
		(12,174)	4,949
Total comprehensive income for the year			
		11,938	45,168
Total comprehensive income for the year attributable to:			
Equity holders of the Company		11,938	35,531
Non-controlling interests		—	9,637
		11,938	45,168
Earnings per share attributable to equity holders of the Company			
	10		
Basic		15.40 cents	19.58 cents
Diluted		14.74 cents	18.78 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,163	1,681
Right-of-use assets		1,456	3,063
Intangible assets		–	3,202
Financial assets at FVOCI		–	38,085
Other assets		402	387
Loan and account receivables	11	313,581	288,545
Prepayments, deposits and other receivables		27	309
Deferred tax assets		53,787	52,440
		370,416	387,712
Current assets			
Loan and account receivables	11	299,830	306,120
Prepayments, deposits and other receivables		1,019	752
Tax recoverable		–	1,301
Cash and cash equivalents		58,288	100,200
		359,137	408,373

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current liabilities			
Account payables	12	8,949	16,408
Deposits from financial leasing customers		1,590	3,189
Accruals and other payables		27,082	32,704
Amounts due to related parties		2,552	641
Lease liabilities		1,264	1,656
Promissory note		4,186	–
Dividend payable		1,449	818
Bond payable		17,688	16,301
Bank borrowing	13	100,023	99,202
Tax payable		8,726	655
		173,509	171,574
Net current assets		185,628	236,799
Total assets less current liabilities		556,044	624,511
Non-current liabilities			
Deposits from financial leasing customers		1,340	4,125
Lease liabilities		317	1,536
Promissory note		–	77,793
		1,657	83,454
Net assets		554,387	541,057
EQUITY			
Share capital	14	1,358	1,358
Reserves		553,029	539,699
Total equity attributable to equity holders of the Company		554,387	541,057
Non-controlling interests		–	–
Total equity		554,387	541,057

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital	Proposed final dividend [‡]	Share premium [‡]	Share-based payment reserve [‡]	Exchange reserve [‡]	Other reserve [‡]	Statutory surplus reserve [‡]	Financial assets at FVOCI reserve [‡]	(Accumulated loss)/ 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
	(Note 14)	(Note 9)										
At 1 January 2021	1,349	-	227,853	6,136	(813)	239,883	47,821	5,453	(24,432)	503,250	170,626	673,876
Comprehensive income:												
Profit for the year	-	-	-	-	-	-	-	-	30,582	30,582	9,637	40,219
Other comprehensive income:												
Exchange differences arising on translation	-	-	-	-	60	-	-	-	-	60	-	60
Fair value gain on financial asset at FVOCI	-	-	-	-	-	-	-	4,889	-	4,889	-	4,889
Total comprehensive income for the year	-	-	-	-	60	-	-	4,889	30,582	35,531	9,637	45,168
Transactions with equity holders of the Company:												
Equity settled share options payment	-	-	-	162	-	-	-	-	-	162	-	162
Issue of shares upon exercise of share options	9	-	6,244	(487)	-	-	-	-	-	5,766	-	5,766
Share options lapsed	-	-	-	(1,099)	-	-	-	-	1,099	-	-	-
	9	-	6,244	(1,424)	-	-	-	-	1,099	5,928	-	5,928
Proposed final dividend (Note 9)	-	3,829	(3,829)	-	-	-	-	-	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,915)	(3,915)
Acquisition of additional interests in a subsidiary	-	-	-	-	-	(3,652)	-	-	-	(3,652)	(176,348)	(180,000)
Transferred to statutory surplus reserve	-	-	-	-	-	-	4,299	-	(4,299)	-	-	-
At 31 December 2021	1,358	3,829	230,268	4,712	(753)	236,231	52,120	10,342	2,950	541,057	-	541,057

	Share capital	Proposed final dividend [#]	Share premium [#]	Share-based payment reserve [#]	Exchange reserve [#]	Other reserve [#]	Statutory surplus reserve [#]	Financial assets at 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
	(Note 14)	(Note 9)										
At 31 December 2021 and 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 year	-	-	-	-	-	-	-	-	24,112	24,112	-	24,112
Other comprehensive expenses:												
Exchange differences arising on translation	-	-	-	-	(1,832)	-	-	-	-	(1,832)	-	(1,832)
Fair value loss on financial asset at FVOCI	-	-	-	-	-	-	-	(10,342)	-	(10,342)	-	(10,342)
Total comprehensive (expenses)/ income for the year	-	-	-	-	(1,832)	-	-	(10,342)	24,112	11,938	-	11,938
Transactions with equity holders of the Company:												
Equity settled share options payment	-	-	-	931	-	-	-	-	-	931	-	931
Share options lapsed	-	-	-	(2,625)	-	-	-	-	2,625	-	-	-
	-	-	-	(1,694)	-	-	-	-	2,625	931	-	931
Final dividend (Note 9)	-	(3,829)	-	-	-	-	-	-	-	(3,829)	-	(3,829)
Proposed final dividend	-	4,154	(4,154)	-	-	-	-	-	-	-	-	-
Gain on modification of terms promissory note held by a related party	-	-	-	-	-	4,290	-	-	-	4,290	-	4,290
Transferred to statutory surplus reserve	-	-	-	-	-	-	1,492	-	(1,492)	-	-	-
At 31 December 2022	<u>1,358</u>	<u>4,154</u>	<u>226,114</u>	<u>3,108</u>	<u>(2,585)</u>	<u>240,521</u>	<u>53,612</u>	<u>-</u>	<u>28,195</u>	<u>554,387</u>	<u>-</u>	<u>554,387</u>

These reserves accounts comprise the consolidated reserves of approximately RMB553,029,000 (2021: RMB539,699,000) in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 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 is P.O. Box 1350, Regatta Office Park, Windward 3, Grand Cayman KY1-1108, Cayman Islands. 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, the ultimate holding company of the Group is Wealthy Rise Investment Limited (“**Wealthy Rise**”), a company incorporated in the British Virgin Islands (“**BVI**”) which is wholly owned by Mr. Lo Wai Ho (“**Mr. Lo**”).

2. BASIS OF PREPARATION AND PRESENTATION

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 Stock Exchange (“**Listing Rules**”).

The consolidated financial statements have been prepared on historical cost basis. The consolidated financial statements are presented in Renminbi (“**RMB**”). All values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 December 2021 except for the application of certain amendments to HKFRSs that are relevant to the Group and effective from the current period as set out in Note 3.

3. APPLICATION OF NEW OR AMENDMENTS TO HKFRSs

Amendments to HKFRSs in issue and effective

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 accounting period beginning on 1 January 2022 for the preparation of the Group's consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

In addition, the Group has adopted the Amendments to AG 5 (Revised) – Merger Accounting for Common Control Combination.

The application of these amendments to HKFRSs and AG 5 in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

New or amendments to HKFRSs in issue but not yet effective

The Group has not early applied any of the following new or amendments to HKFRSs, which have been issued but are not yet effective, in the consolidated financial statements:

		Effective for annual reporting periods beginning on or after
HKFRS 17	Insurance Contracts and the related Amendments [#]	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [*]	To be determined
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

[#] The amendments were originally intended to be effective for periods beginning on or after 1 January 2021. The effective date has now been extended to 1 January 2023.

^{*} The amendments shall be adopted prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group has already commenced an assessment of the related impact of applying the above new or amendments to HKFRSs. So far, it has concluded that the above new or amendments to HKFRSs will be applied at the respective effective dates and the application of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

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 and leaseback; (c) factoring; and (d) related advisory services in the PRC. |
| (ii) | Micro credit and loan facilitation related services | – | Provision of (a) micro-credit to individuals, corporates and subordinated property mortgage; and (b) post 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:

	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>
For the year ended 31 December 2022				
Revenue				
External income	<u>3,050</u>	<u>95,222</u>	<u>1,316</u>	<u>99,588</u>
Segment results	<u>10,600</u>	<u>42,901</u>	<u>(5,293)</u>	48,208
Unallocated corporate income				2,830
Unallocated corporate expenses				<u>(16,085)</u>
Profit before income tax				34,953
Income tax expense				<u>(10,841)</u>
Profit for the year				<u>24,112</u>

	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>
For the year ended 31 December 2021				
Revenue				
External income	<u>23,278</u>	<u>86,309</u>	<u>4,284</u>	<u>113,871</u>
Segment results	<u>21,880</u>	<u>52,209</u>	<u>3,079</u>	77,168
Unallocated corporate income				175
Unallocated corporate expenses				<u>(19,566)</u>
Profit before income tax				57,777
Income tax expense				<u>(17,558)</u>
Profit for the year				<u>40,219</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents profit earned by or loss incurred from each segment without allocation of certain other income and 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 year.

Segment assets and liabilities

The following is an analysis of the Group's segment assets and segment liabilities by operating and reportable segment:

	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>
As at 31 December 2022				
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>729,553</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>175,166</u>

	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>
As at 31 December 2021				
Segment assets	<u>118,337</u>	<u>537,270</u>	<u>44,554</u>	700,161
Tax recoverable				1,301
Deferred tax assets				52,440
Financial assets at FVOCI				38,085
Unallocated corporate assets				<u>4,098</u>
Consolidated total assets				<u>796,085</u>
Segment liabilities	<u>12,453</u>	<u>115,688</u>	<u>17,000</u>	145,141
Tax payable				655
Promissory note				77,793
Bond payable				16,301
Unallocated corporate liabilities				<u>15,138</u>
Consolidated total liabilities				<u>255,028</u>

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than tax recoverable, financial asset at FVOCI, deferred tax assets and unallocated corporate assets.
- All liabilities are allocated to operating segments other than promissory note, bond payable, tax payable and unallocated corporate liabilities.

5. REVENUE AND OTHER INCOME

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

	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Point in time</i>		
– Commission and brokerage income from securities dealing	721	1,475
– Placing and underwriting service income	–	34
<i>Over time[#]</i>		
– Post loan facilitation service income	377	12,207
– Financial advisory services income		
– Financial leasing advisory services income	–	937
– Other financial advisory service income	–	2
	<u>1,098</u>	<u>14,655</u>
Revenue from other sources*		
– Interest income from financial leasing	3,050	17,810
– Interest income from factoring	–	4,529
– Interest income from small loans	94,845	74,102
– Interest income from margin financing	310	976
– Interest income from other loans	285	1,799
	<u>98,490</u>	<u>99,216</u>
	<u>99,588</u>	<u>113,871</u>
Other income		
Bank interest income	711	306
Dividend income from financial assets at FVOCI	10,303	8,771
Gain on disposal of property, plant and equipment	3	–
Gain on termination of lease	–	67
Gain on early redemption of bonds	–	175
Government grant	414	45
Handlings service charges	123	231
Other taxes refund	666	358
Referral fee	2,686	–
Recovery of bad debts on loan and account receivables, net	2,866	–
Sundry income	542	811
	<u>18,314</u>	<u>10,764</u>

* 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.

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 or less.

6. FINANCE COST

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank borrowings	7,855	13,335
Interest on lease liabilities	197	287
Interest on bond payable	1,280	2,173
Interest on promissory note	9,749	9,058
	<u>19,081</u>	<u>24,853</u>

7. PROFIT BEFORE INCOME TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Auditor's remuneration		
– Audit services	754	731
Depreciation charged on:		
– Property, plant and equipment	782	917
– Right-of-use assets	1,693	2,086
	2,475	3,003
Employee benefit expenses (including directors' remuneration)		
– Salaries, allowances and benefits in kind	18,413	19,742
– Retirement benefit scheme contributions	2,772	2,820
– Equity settled share-based payment	931	97
	22,116	22,659
Equity settled share-based payment		
– Employee benefit expenses	931	97
– Referral fees/Consultancy fees	–	65
	931	162
Commission paid	4,697	10,243
Operating lease expenses	533	343
Foreign exchange difference, net	(537)	481
(Gain)/loss on disposal of property, plant and equipment, net	(3)	202
(Recovery of)/write off of bad debts of loan and account receivables, net	<u>(2,866)</u>	<u>2,600</u>

8. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
The charge comprises:		
Current tax – PRC Enterprise Income Tax (“EIT”)		
– current year provision	12,274	5,387
– (over-provision)/under-provision in prior years	(126)	2,071
Deferred tax (credit)/expense, net	<u>(1,307)</u>	<u>10,100</u>
	<u><u>10,841</u></u>	<u><u>17,558</u></u>

- (a) 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.
- (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% (2021: 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for two subsidiaries of the Company as mentioned below:

One PRC 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) The Group did not generate any assessable profits arising in Hong Kong for the year ended 31 December 2022 (2021: Nil).

9. DIVIDEND

(a) Dividend attributable to the year

The final dividend of HK3 cents (2021: HK3 cents) per ordinary share of the Company, totaling approximately HK\$4,697,000 (equivalent to approximately RMB4,154,000) (2021: approximately HK\$4,697,000 (equivalent to approximately RMB3,829,000)) proposed after the reporting date, for the year ended 31 December 2022 was not recognised as a liability at the reporting date. In addition, the final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

(b) Dividend attributable to the previous financial year and approved during the year

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Final dividend in respect of the previous financial year of HK3 cents per ordinary share	<u>3,829</u>	<u>–</u>

10. EARNINGS PER SHARE

	2022	2021
Earnings attributable to equity holders of the Company (<i>RMB'000</i>)	<u>24,112</u>	<u>30,582</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>in '000</i>)	<u>156,583</u>	156,228
Effect of dilutive potential ordinary shares – share options (<i>in '000</i>)	<u>7,018</u>	<u>6,593</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share (<i>in '000</i>)	<u>163,601</u>	<u>162,821</u>

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

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. As at 31 December 2022, the potential dilutive ordinary shares of the Company are share options (2021: 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 year ended 31 December 2022, the assumed conversion of potential ordinary shares in relation to the share option has dilutive effect (2021: dilutive effect) to the basic earnings per share as the average market price of ordinary shares exceeds the exercise price of the options during the year.

11. LOAN AND ACCOUNT RECEIVABLES

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current assets			
Financial leasing receivables	(a)	510	9,635
Small loans receivables	(c)	317,458	280,598
		317,968	290,233
Less: Allowance for ECLs		(4,387)	(1,688)
		313,581	288,545
Current assets			
Financial leasing receivables	(a)	76,048	68,663
Factoring loan receivables	(b)	–	–
Small loan receivables	(c)	259,172	263,911
Other loan receivables	(d)	4,893	3,266
Account receivables	(e)	2,852	7,208
		342,965	343,048
Less: Allowance for ECLs		(43,135)	(36,928)
		299,830	306,120
Total loan and account receivables, net		613,411	594,665

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 in 2022 (2021: 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 8.11% to 21.1% (2021: 9.91% to 21.1%) per annum as at 31 December 2022.

As at 31 December 2022, the Group's financial leasing receivables with gross carrying amount of approximately RMB76,558,000 (2021: RMB75,798,000) were carried at fixed-rate and the remaining balances of approximately RMBNil (2021: RMB2,500,000) were carried at variable-rate.

The ageing analysis of financial leasing receivables, determined based on the schedule to repay of the receivables since the effective dates of the relevant lease contracts, as at the end of the reporting period, is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Financial leasing receivables comprise of:				
Within one year	77,141	71,537	76,048	68,663
More than one year but not exceeding two years	517	9,426	510	9,125
More than two years but not exceeding three years	–	495	–	510
	<u>77,658</u>	<u>81,458</u>	<u>76,558</u>	<u>78,298</u>
Less: Unearned finance income	<u>(1,100)</u>	<u>(3,160)</u>	<u>–</u>	<u>–</u>
Present value of minimum lease payments	<u>76,558</u>	<u>78,298</u>	<u>76,558</u>	<u>78,298</u>

Financial leasing receivables are mainly secured by the lessees' deposits, certain guarantees and leased assets which are equipment and machinery used in industries such as airline, real estate, manufacturing, construction and hotel. Additional collateral may be obtain from customers to secure their repayment obligations under financial leasing and such collateral include vehicle licence. As at 31 December 2022, the financial leasing receivables were collateralised by the leased assets with fair values of approximately RMB135,105,000 (2021: RMB147,848,000).

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.

	2022 RMB'000	2021 RMB'000
Neither overdue nor credit-impaired	44,331	36,281
Overdue but not credit-impaired		
– overdue within 30 days	331	4,621
– overdue within 31 to 90 days	1,309	11,022
Overdue and credit-impaired	<u>30,587</u>	<u>26,374</u>
	<u>76,558</u>	<u>78,298</u>

(b) Factoring loan receivables

During the year ended 31 December 2021, the directors of the Company were of the view that the balances could not be recovered as the customer is 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 2021.

(c) **Small loan receivables**

It primarily represented the micro-credit loans and guaranteed loans granted to the customers. The loan periods granted to each of the customers is generally for a period of 6 months to 8 years (2021: 4 months to 5 years). The effective interest rate of the above small loans receivables is ranging from 8.0% to 27.7% (2021: 6.0% to 27.7%) per annum as at 31 December 2022.

As at 31 December 2022, small loan receivables are mainly secured by real estates with fair values of approximately RMB4,196,687,000 (2021: RMB2,776,295,000).

The ageing analysis of small loan receivables, determined based on the schedule to repay of receivable since the effective dates of relevant loan contracts, as at the end of the reporting period, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0 to 30 days	30,292	50,534
31 to 90 days	50,128	32,583
91 to 365 days	178,752	180,794
Over 365 days	317,458	280,598
	<u>576,630</u>	<u>544,509</u>

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.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Neither overdue nor credit-impaired	517,821	516,301
Overdue but not credit-impaired		
– overdue within 30 days	22,144	2,554
– overdue within 31 to 90 days	6,618	5,520
Overdue and credit-impaired	30,047	20,134
	<u>576,630</u>	<u>544,509</u>

(d) **Other loan receivables**

It represented the unsecured loans granted to the customers. The loan periods granted to each of customers is generally 1 year (2021: 1 year). The effective interest rate of the above other loan receivables is 6% (2021: 12%) per annum as at 31 December 2022.

The ageing analysis of other loan receivables, determined based on the schedule to repay of receivable since the effective dates of relevant loan contracts, as at the end of the reporting period, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
91 to 365 days	<u>4,893</u>	<u>3,266</u>
	<u>4,893</u>	<u>3,266</u>

The following is a credit quality analysis of other loan receivables. In the event that an instalment repayment is overdue, if any, the entire outstanding balance of other loan receivables would be classified as overdue.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Neither overdue nor credit-impaired	<u>4,893</u>	<u>3,266</u>

(e) Account receivables

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

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Account receivables from securities dealing and broking services:			
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	i	576	2,628
– Cash clients		–	–
– Margin clients		<u>1,074</u>	<u>3,276</u>
		1,650	5,904
Account receivables from financial advisory and loan facilitation services	ii	<u>1,202</u>	<u>1,304</u>
		2,852	7,208
Less: Allowance for ECLs		<u>(1,202)</u>	<u>(1,274)</u>
Total account receivables, net		<u>1,650</u>	<u>5,934</u>

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.

Account receivables of securities margin clients are secured by the clients' pledged securities with fair value of approximately RMB43,625,000 (2021: RMB59,608,000) as at 31 December 2022. All of the pledged securities are equity and debt securities listed in Hong Kong and overseas. The account receivables of securities margin clients are repayable on demand subsequent to settlement date and carrying interest typically ranged from 6% to 12% and Hong Kong Prime rate to Hong Kong Prime rate + 7% (2021: Same) per annum as at 31 December 2022. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collaterals are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by the margin clients.

- (ii) Balances comprise receivables in respect of financial advisory and post loan facilitation services. 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 account receivables from financial advisory and post loan facilitation services, determined based on the schedule to repay of receivable since the effective dates of relevant contracts, as at the end of the reporting period, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0 to 30 days	<u>1,202</u>	<u>1,304</u>
	<u>1,202</u>	<u>1,304</u>

The following is a credit quality analysis of account receivables from financial advisory and post loan facilitation services. In the event that an instalment repayment is overdue, the entire outstanding balance of account receivables is classified as overdue.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Neither overdue nor credit-impaired	–	–
Overdue but not credit-impaired		
– overdue within 30 days	–	10
– overdue within 31–90 days	–	21
Overdue and credit-impaired	<u>1,202</u>	<u>1,273</u>
	<u>1,202</u>	<u>1,304</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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
HKSCC	–	1
Cash clients	398	5,448
Margin clients	<u>8,551</u>	<u>10,959</u>
	<u>8,949</u>	<u>16,408</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, the ageing analysis does not give additional value in view of the nature of this business.

13. BANK BORROWING

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank borrowing – secured*:		
Within one year	<u>100,023</u>	<u>99,202</u>
Amount shown under current liabilities	<u>(100,023)</u>	<u>(99,202)</u>

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

As at 31 December 2022, the Group's bank borrowing was variable-rate borrowing which carried annual interest ranging from 105% to 110% (2021: 105% to 110%) of the loan prime rate (“LPR”) offered by the People's Bank of China (the “PBOC”). As at 31 December 2022, the effective interest rate of the Group's secured bank borrowing was 7.44% (2021: 7.86%) per annum.

As at 31 December 2022, the bank borrowing amounting to approximately RMB100,023,000 (2021: RMB99,202,000) was secured by charges over one property with fair value of approximately RMB79,170,000 (2021: approximately RMB82,245,000) (which is jointly owned by Mr. Lo and his wife) and one property with fair value of approximately RMB32,039,000 (2021: RMB24,590,000) (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 (2021: RMB100,000,000). One property with fair value of approximately RMB8,980,000 (which is owned by Mr. Wang Jiansen, a director of a related company) as at 31 December 2021 was released from charges upon the maturity date of relevant borrowing during the year.

In January 2023, the Group has repaid the above borrowing and obtained two bank borrowings with aggregate amount of approximately RMB100,000,000 carried annual interest at 104.15% of LPR offered by PBOC, which are repayable in July 2023.

14. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.01 of each		
Authorised:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	20,000,000,000	200,000
	Number of ordinary shares	Amount RMB'000
Issued and fully paid:		
At 1 January 2021	155,523,000	1,349
Issue of shares upon exercise of share options	1,060,000	9
At 31 December 2021, 1 January 2022 and 31 December 2022	156,583,000	1,358

During the year ended 31 December 2021, 1,060,000 share options were exercised at the exercise price of HK\$6.12 (equivalent to RMB5.44) per share. The total cash consideration received from the issuance 1,060,000 shares was approximately RMB5,766,000, of which approximately RMB9,000 was credited to issued share capital and the remaining balance of approximately RMB5,757,000 was credited to the share premium account. In addition, amount attributable to the related share options of RMB487,000 has been transferred from share option reserve to the share premium account.

All the shares issued during the year ended 31 December 2021 rank pari passu with the then existing shares in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The macro environment in the PRC was still subject to many uncertainties in the 2022. The outbreak of the COVID-19 pandemic (“**COVID-19**”) continued to have an impact on the Chinese economies. In China, the economy continued to be hit hard by sporadic COVID-19 cases, hence it is still in the process of adjustment and recovery. In the said reporting period, revenue of the Group was mainly derived from financial leasing interest income, loan interest income, which accounted for approximately RMB3.1 million, RMB94.8 million of the total revenue of the Group, respectively.

In 2022, the Company adjusted its business strategy in response to the economic environment and the impact brought about by the COVID-19 pandemic. In relation to its financial leasing and factoring business, in view of the economic uncertainties posed by COVID-19, 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. In relation to our small loan business, the Company has focus on the real estate products involving second mortgages in the Shenzhen market. In this year, the market situation of the real estate industry had changed seriously. 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. 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.

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) financial leasing related advisory services income; (iii) other financial advisory services income; (iv) loan facilitation service income; (v) interest income from small loans and other loans; (vi) commission and brokerage income from security dealing; and (vii) interest income from margin financing. The Group's financial leasing services include sale-leaseback as well as direct financial leasing.

The revenue recorded a decrease by approximately RMB14.3 million, or approximately 13%, from approximately RMB113.9 million for the year ended 31 December 2021 to approximately RMB99.6 million for the year ended 31 December 2022. The decrease was mainly resulted from the slowdown of the economy in the PRC under the impact of COVID-19 resulting in less new origination of financial leasing and factoring contracts.

For the year ended 31 December 2022, the interest income from financial leasing contributed approximately RMB3.1 million (2021: approximately RMB17.8 million). The decrease was mainly resulted from less origination of new financial leasing contracts and the Company had allocated the resource to small loan business.

The Group provided loan facilitation service which contributed approximately RMB0.38 million to the revenue for the year ended 31 December 2022 (2021: approximately RMB12.2 million). The decrease of loan facilitation service was mainly resulted from the switch from unsecured credit loans to second mortgage loan market.

The Group also derived interest income from small loans through a wholly-owned subsidiary, Shenzhen Haosen Credit Joint Stock Limited (“**Shenzhen Haosen**”), contributing at aggregate of approximately RMB94.8 million (2021: approximately RMB74.1 million) and interest income from other loans of approximately RMB0.3 million (2021: approximately RMB1.8 million) was contributed by our wholly-owned subsidiary, Grand Partners Finance Limited, for the year ended 31 December 2022. The Group also recorded commission and brokerage income from security dealing contributing approximately RMB0.7 million (2021: approximately RMB1.5 million), while the interest income from margin financing also contributed approximately RMB0.3 million (2021: approximately RMB1.0 million) from our wholly-owned subsidiary, Grand Partners Securities Limited, for the year ended 31 December 2022.

The Directors intend to focus on the small loan business in the future.

Other income

Other income increased by approximately RMB7.5 million, or approximately 69%, from approximately RMB10.8 million for the year ended 31 December 2021 to approximately RMB18.3 million for the year ended 31 December 2022, mainly due to (i) an approximately RMB1.5 million increase in the dividend income derived from financial assets at FVOCI, (ii) RMB2.9 million derived from bad debt recovery; (iii) RMB2.7 million derived from referral fee income.

Employee benefit expenses

Employee benefit expenses included primarily employee salaries and costs associated with other benefits. The employee benefit expenses decreased by approximately RMB0.5 million, or approximately 2%, from approximately RMB22.7 million for the year ended 31 December 2021 to approximately RMB22.1 million for the year ended 31 December 2022.

Other operating expenses

Other operating expenses mainly consisted of (i) audit fee of approximately RMB0.8 million (2021: approximately RMB0.7 million); (ii) building management fee of approximately RMB0.7 million (2021: approximately RMB0.8 million); (iii) commission fee of approximately RMB4.7 million (2021: approximately RMB10.2 million) which mainly comprised of service charge of loan collection of approximately RMB3.2 million (2021: approximately RMB9.6 million) in relation to the small loan business; (iv) legal and professional fee of approximately RMB1.2 million (2021: approximately RMB2.2 million).

Finance cost

The finance cost decreased by approximately RMB5.8 million, or approximately 23%, from approximately RMB24.9 million for the year ended 31 December 2021 to approximately RMB19.1 million for the year ended 31 December 2022 mainly due to the repayment of bank and other borrowings during the year.

The Group received proceeds from the recovery of the default airline customer, GCA, through the two financial arrangements to transfer the creditor's right of GCA and a non-recourse factoring agreement to factor the creditor's rights to two independent third parties, respectively. Please refer to the Company's announcements dated 16 March 2021 and 29 March 2021 for the details of the assignment of creditor's rights and the Company's announcement dated 9 April 2021 for the details of the non-recourse factoring agreement.

Profit for the year attributable to the owners of the Company

As a result of above, profit for the year attributable to the owners of the Company for the year ended 31 December 2022 was approximately RMB24.1 million, whereas profit for the year ended 31 December 2021 was approximately RMB30.6 million.

Dividend

The Board recommend the payment of a final dividend HK3 cents per share to shareholders of the Company for the year ended 31 December 2022 (2021: HK3 cents per share).

Liquidity, financial resources and capital resources

As at 31 December 2022, the cash and cash equivalents were approximately RMB58.3 million (2021: approximately RMB100.2 million). The working capital (current assets less current liabilities) and the total equity of the Group were approximately RMB185.6 million (2021: approximately RMB236.8 million) and approximately RMB554.4 million (2021: approximately RMB541.1 million), respectively. The drop in working capital is mainly due to the early redeem of the promissory note.

As at 31 December 2022, the Group's bank borrowings with maturity within one year amounted to approximately RMB100.0 million (2021: approximately RMB99.2 million) and the Group's bank borrowings with maturity exceed one year decreased to nil (2021: Nil).

Gearing ratio (total bank and other borrowings/total equity) as at 31 December 2022 was approximately 18.0% (2021: approximately 18.3%).

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 31 December 2022, the loan and account receivables were approximately RMB613.4 million (2021: approximately RMB594.7 million), and this increase was mainly due to the increase in small loan receivables.

Capital commitments

As at 31 December 2022, the Group had no capital commitments contracted but not provided for (2021: Nil).

Employees and remuneration policy

As at 31 December 2022, the Group employed 75 full time employees (2021: 71) for its principal activities. Employees' benefits expenses (including Directors' emoluments) amounted to approximately RMB22.1 million for the year ended 31 December 2022 (2021: approximately RMB22.7 million). The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages and incentives 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. Share award scheme has also been adopted and awarded shares will be granted to eligible employees of the Group in accordance with the terms of the share award scheme.

RISK MANAGEMENT

The Group's business operations are conducted in the financial leasing market and small-loan 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-leasing management on the customers and monitors financial leasing 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. Under the impact of COVID-19, 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.

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 (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 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 15,552,300 shares of the Company in total.

On 4 July 2018, under the 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 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 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 none of the share options were outstanding as at 31 December 2022.

On 22 January 2020, under the 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 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 31 December 2022.

On 14 December 2022, under the 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 option were outstanding as at 31 December 2022.

For options granted under the Share Option Scheme under 4 July 2018, 24 April 2019, 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 Share Option Scheme as at 31 December 2022:

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 1 January 2022	Granted during the year ended 31 December 2022	Exercised during the year ended 31 December 2022	Lapsed during the year ended 31 December 2022	Outstanding as at 31 December 2022
Director of the Company or its subsidiary									
Xie Weiquan	24 April 2019	24 April 2021–23 April 2022	HK\$7.00	HK\$7.00	40,000	-	-	(40,000)	-
Senior Management of the Company or its subsidiary									
Shi Lei	24 April 2019	24 April 2021–23 April 2022	HK\$7.00	HK\$7.00	40,000	-	-	(40,000)	-
Shi Yumei	24 April 2019	24 April 2021–23 April 2022	HK\$7.00	HK\$7.00	30,000	-	-	(30,000)	-
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									
	24 April 2019	24 April 2021–23 April 2022	HK\$7.00	HK\$7.00	190,000	-	-	(190,000)	-
	22 January 2020	22 January 2020–21 January 2023	HK\$6.12	HK\$5.89	5,140,000	-	-	(1,600,000)	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 A (note 1)	24 April 2019	24 April 2019–23 April 2022	HK\$7.00	HK\$7.00	407,000	-	-	(407,000)	-
Grantee B (note 1)	24 April 2019	24 April 2019–23 April 2022	HK\$7.00	HK\$7.00	440,000	-	-	(440,000)	-
Grantee F (note 2)	24 April 2019	24 April 2021–23 April 2022	HK\$7.00	HK\$7.00	20,000	-	-	(20,000)	-
Grantee H (note 2)	24 April 2019	24 April 2021–23 April 2022	HK\$7.00	HK\$7.00	40,000	-	-	(40,000)	-
Grantee J (note 2)	24 April 2019	24 April 2021–23 April 2022	HK\$7.00	HK\$7.00	20,000	-	-	(20,000)	-
Grantee P (note 3)	22 January 2020	22 January 2020–21 January 2023	HK\$6.12	HK\$5.89	200,000	-	-	-	200,000
Grantee Q (note 3)	22 January 2020	22 January 2020–21 January 2023	HK\$6.12	HK\$5.89	200,000	-	-	-	200,000
Grantee R (note 3)	22 January 2020	22 January 2020–21 January 2023	HK\$6.12	HK\$5.89	100,000	-	-	-	100,000
Grantee S (note 1)	22 January 2020	22 January 2020–21 January 2023	HK\$6.12	HK\$5.89	100,000	-	-	(100,000)	-
Grantee T (note 3)	22 January 2020	22 January 2020–21 January 2023	HK\$6.12	HK\$5.89	400,000	-	-	-	400,000
Grantee U (note 3)	22 January 2020	22 January 2020–21 January 2023	HK\$6.12	HK\$5.89	1,500,000	-	-	(1,500,000)	-
					8,867,000	2,725,000	-	(4,427,000)	7,165,000

Notes:

1. Eligible participants represent 3 consultants who possess comprehensive knowledge and industry experience in business operation of financial leasing or factoring services and extensive business network in China. The consultants provide advisory and consultancy services to the Group, including consultancy coverage of latest business operation industry updates in financial leasing and factoring sectors and advice on the Group's business development for sourcing potential new financial leasing/factoring projects to the Group.

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.

2. Eligible participants represent 3 consultants who possess broad business operation experience in small loan and extensive network in China. The consultants provide customers referral to the Group's small loan 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 referring potential customers to the Group and introducing favourable business relationships with potential customers, which is expected to be beneficial to the Group and align the interests of them and shareholders of the Company.

3. Eligible participants represent 5 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.

Share Award Scheme

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

The 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 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 Share Award Scheme.

EVENTS AFTER THE REPORTING PERIOD

In January 2023, the Group has repaid the bank borrowings and obtained two 7-month bank borrowings with aggregate amount of approximately RMB100,000,000 carried annual interest at 104.15% of LPR offered by PBOC, which are repayable in July 2023.

OUTLOOK AND PLANS

In 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 Listing Rules. During the year ended 31 December 2022, 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 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There was no material acquisition and disposal of subsidiaries by the Group during the year ended 31 December 2022.

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 consolidated financial statements for the year ended 31 December 2022.

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 or she has, throughout the year ended 31 December 2022, 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 2022 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 as at 31 December 2022, consolidated statement of comprehensive income, consolidated statement of changes in equity for the year ended 31 December 2022 and the related notes thereto 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 May 2023 (Wednesday) to 30 May 2023 (Tuesday) (both dates inclusive), during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on 30 May 2023 (Monday), all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 23 May 2023 (Tuesday).

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

Hong Kong, 24 March 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.

* *The English name is for identification purpose only*