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Wealthy Way Group Limited

富道集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3848)

**DISCLOSEABLE TRANSACTIONS
IN RELATION TO
THE FACTORING FACILITY AGREEMENT AND
THE FACTORING AGREEMENT**

THE FACTORING FACILITY AGREEMENT AND THE FACTORING AGREEMENT

On 6 May 2020, CWW Factoring and Customer A entered into the Previous Factoring Facility Agreement, pursuant to which CWW Factoring agreed to provide an aggregate factoring facility up to RMB50,000,000 (equivalent to approximately HK\$57,885,000) to Customer A for a period of 5 months from the date of signing of the Previous Factoring Facility Agreement.

On 6 May 2020, CWW Factoring and Customer A entered into the Previous Factoring Agreement, pursuant to which CWW Factoring agreed to provide financing being pledged by accounts receivable of Customer A for a period of 6 months from the date of signing of the Previous Factoring Agreement with the factoring principal amount of RMB50,000,000 (equivalent to approximately HK\$57,885,000) under the above Previous Factoring Facility Agreement.

On 20 November 2020, CWW Factoring and Customer A entered into the Factoring Facility Agreement, pursuant to which CWW Factoring agreed to provide an aggregate factoring facility up to RMB50,000,000 (equivalent to approximately HK\$57,885,000) to Customer A for a period of 6 months from the date of signing of the non-revolving Factoring Facility Agreement.

On 20 November 2020, CWW Factoring and Customer A entered into the Factoring Agreement, pursuant to which CWW Factoring agrees to provide financing being pledged by accounts receivable of Customer A for a period of 6 months from the date of signing of the Factoring Agreement with the factoring principal amount of RMB50,000,000 (equivalent to approximately HK\$57,885,000) under the above Factoring Facility Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios for the transactions contemplated under the Previous Factoring Agreement and the 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 constitute discloseable transactions on the part of the Company under Rule 14.07 of the Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

On 6 May 2020, CWW Factoring and Customer A entered into the Previous Factoring Facility Agreement, pursuant to which CWW Factoring agreed to provide an aggregate factoring facility up to RMB50,000,000 (equivalent to approximately HK\$57,885,000) to Customer A for a period of 5 months from the date of signing of the Previous Factoring Facility Agreement.

On 6 May 2020, CWW Factoring and Customer A entered into the Previous Factoring Agreement, pursuant to which CWW Factoring agreed to provide financing being pledged by accounts receivable of Customer A for a period of 5 months from the date of signing of the Previous Factoring Agreement with the factoring principal amount of RMB50,000,000 (equivalent to approximately HK\$57,885,000) under the Previous Factoring Facility Agreement.

On 20 November 2020, CWW Factoring and Customer A entered into the Factoring Facility Agreement, pursuant to which CWW Factoring agreed to provide an aggregate factoring facility up to RMB50,000,000 (equivalent to approximately HK\$57,885,000) to Customer A for a period of 6 months from the date of signing of the Factoring Facility Agreement.

On 20 November 2020, CWW Factoring and Customer A entered into the Factoring Agreement, pursuant to which CWW Factoring agrees to provide financing being pledged by accounts receivable of Customer A for a period of 6 months from the date of signing of new factoring agreement with the factoring principal amount of RMB50,000,000 (equivalent to approximately HK\$57,885,000) under the above 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 and belief of the Directors, Customer A is an Independent Third Party of the Company.

The following table sets forth the details of the factoring agreements and the consideration for accounts receivable:

Factoring agreements	Date of factoring agreement	Nature of factoring agreement	Consideration for accounts receivable	
			RMB	(Equivalent amount in HK\$) (Approximately)
Previous Factoring Agreement	6 May 2020	Non-revolving, settled fully	50,000,000	57,885,000
Factoring Agreement	20 November 2020	Non-revolving	50,000,000	57,885,000

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

	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 of the factoring agreement as at 20 November 2020 RMB (Equivalent amount in HK\$) (Approximately)
Previous Factoring Agreement	RMB50,000,000 (HK\$57,885,000)	RMB4,552,000 (HK\$5,269,000)	RMB0 (HK\$0)
Factoring Agreement	RMB50,000,000 (HK\$57,885,000)	RMB2,830,000 (HK\$3,276,000)	RMB50,000,000 (HK\$57,885,000)
Total:	<u>RMB100,000,000</u> <u>(HK\$115,774,000)</u>	<u>RMB7,382,000</u> <u>(HK\$8,545,000)</u>	<u>RMB50,000,000</u> <u>(HK\$57,885,000)</u>

THE FACTORING FACILITY AGREEMENTS WITH CUSTOMER A

The principle terms of the non-revolving the Previous Factoring Facility Agreement and the Factoring Facility Agreement are set out as follows:

Date of agreement:	6 May 2020 (Previous Factoring Facility Agreement) 20 November 2020 (Factoring Facility Agreement)
Parties:	CWW Factoring Customer A
Financing term:	5 months and 6 months from the date of signing of the Previous Factoring Facility Agreement and Factoring Facility Agreement (or the date on which the factoring principal amount and factoring expenses are fully settled, whichever is the later), respectively
Transfer of accounts receivable:	Subject to the terms and conditions of the Previous Factoring Facility Agreement and 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 Previous Factoring Facility Agreement and Factoring Facility Agreement shall be transferred to CWW Factoring
Factoring principal amount:	A total of RMB50,000,000 (equivalent to approximately HK\$57,885,000) and RMB50,000,000 (equivalent to approximately HK\$57,885,000)
Interest rate:	The interest rate of 18% and 12% per annum, respectively, subject to adjustment in accordance with applicable benchmark interest rate published by the People's Bank of China

FACTORING AGREEMENTS WITH CUSTOMER A

The principal terms as contained in the Agreements are similar with each other. The principal terms and conditions of the Agreements are summarized as follows:

Date of agreement:	6 May 2020 (Previous Factoring Agreement) 20 November 2020 (Factoring Agreement)
Parties:	CWW Factoring Customer A

For the previous factoring payments under the Previous Factoring Agreement, please refer to the announcement (“**Announcement**”) of the Company dated 6 May 2020 except for a payment of extension of the lease term until 20 November 2020 which brought an additional interest income (exclusive of VAT) of RMB1,014,000 (equivalent to approximately HK\$1,174,000) after negotiation between the parties, other terms and contents in the Announcement remain the same.

Financing term: 6 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 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 amount: RMB 50,000,000 (equivalent to approximately HK\$57,885,000) in aggregate

Interest rate: The interest rate of 12% 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 monthly basis pursuant to the terms 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 paid; (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.

- (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.

Guarantee

The Guarantors have provided a guarantee in favor of CWW Factoring in respect of all factoring payments and default compensations payable by Customer A to CWW Factoring under the Factoring Agreement.

The Individual Guarantor is a joint liability guarantor, and the Corporate Guarantor is a joint liability guarantee company.

To the best knowledge and belief of the Directors, the Guarantors are Independent Third Parties of the Company.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

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

Interest income and principal from the Previous Factoring Agreement have been received and fully repaid on 20 November 2020.

The terms of the Agreements are agreed after arm's length negotiations between the parties on normal commercial terms. The Directors consider that the entering into of the Agreements is in the ordinary and usual course of business of CWW Factoring and will generate revenue and cash flow stream from the factoring interest. The provision of factoring principal amount to Customer A under the Factoring Facility Agreement and the Factoring Agreement 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 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 Agreements and 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 constitute 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
“Corporate Guarantor”	深圳市和正控股集團有限公司 (Shenzhen He Zheng Investment Holding Company Limited*), a limited liability company established in the PRC, sole shareholding company of Customer A, which is a third party independent of the Company and its connected persons
“Customer A”	深圳市和正鴻基投資發展有限公司 (Shenzhen He Zheng Hong Ji Investment Development Company Limited*), a company established in the PRC with limited liability, which is principally engaged in the establishment and operation of holding companies, mainland businesses and the provision and sales of properties, which is a third party independent of the Company and its connected persons
“CWW Factoring”	深圳市富道商業保理有限公司 (Wealthy Way Commercial Factoring Limited*), a company incorporated in the PRC as a wholly foreign owned enterprise on 29 June 2016 and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company

“Factoring Agreement”	an agreement entered into between CWW Leasing and Customer A on 20 November 2020, which is a non-revolving factoring financial agreement, pursuant to which CWW Leasing agreed to provide financing being pledged by accounts receivable of Customer A for a period of 6 months from the date of signing of the agreement
“Factoring Facility Agreement”	facility agreement entered into between CWW Factoring and Customer A on 20 November 2020, pursuant to which CWW Factoring agreed to provide an aggregate factoring facility up to RMB50,000,000 (equivalent to approximately HK\$57,885,000) for a period of 6 months from the date of the signing of the agreement
“Group”	the Company and its subsidiaries as at the date of this announcement
“Guarantors”	Individual Guarantor and Corporate Guarantor
“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 of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Individual Guarantor”	關義勇 (Guan Yiyong*), a resident in the PRC being the ultimate beneficial shareholder and legal person of Customer A, who is a third party independent of the Company and its connected persons
“Listing”	the listing of the Company 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

“Previous Factoring Agreement”	an agreement entered into between CWW Factoring and Customer A on 6 May 2020, which is a non-revolving factoring agreement pursuant to which CWW Factoring agreed to provide financing being pledged by accounts receivable of Customer A for a period of 5 months from the date of the signing of the agreement, which has been fully settled
“Previous Factoring Facility Agreement”	an agreement entered into between CWW Factoring and Customer A on 6 May 2020, which is a non-revolving factoring facility agreement, pursuant to which CCW Factoring agreed to provide an aggregate factoring facility up to RMB50,000,000 (equivalent to approximately HK\$57,885,000) in total for a term of 5 months from the date of the signing of the Previous Factoring Facility Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	the ordinary share(s) 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\$1.1577. 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
Mr. LO Wai Ho
Chairman and Executive Director

Hong Kong, 20 November 2020

As at the date of this announcement, the Board comprises Mr. LO Wai Ho, Ms. CHAN Shuk Kwan, Winnie and Mr. XIE Weiquan as the executive Directors; and Mr. HA Tak Kong, Mr. IP Chi Wai and Mr. KAM Wai Man as the independent non-executive Directors.

* *For identification purposes only*