

**WEALTHY WAY GROUP LTD:
MANAGEMENT IS UNLIKELY TO BE HAPPY
WITH ONLY THE NET PROCEEDS OF THIS CASH-RAISING EXERCISE**

There is, just about, a 100-percent certainty that Wealthy Way Group Ltd () (Code: 3848, Main Board, The Stock Exchange of Hongkong Ltd) will seek to raise even more money – in addition to the anticipated net proceeds from its **Initial Public Offering (IPO)**.

Management has said as much in its Placing and Public Offer Prospectus, dated June 28, 2017.

But, of course, one must be able to read between the lines of that which is published in a prospectus, issued by Management of a company, seeking to garner some cash from the investing public.

Wealthy Way Group Ltd is a company, engaged in financial leasing and advisory services in Shenzhen, Guangdong Province, the People's Republic of China (PRC).

On June 28, 2017, this Company launched its Placing and Public Offer Prospectus in which Management Offered a total of 36 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK4.00 to a high of \$HK5.56.

Of the total number of Shares on Offer, the investing public of the Hongkong Special Administrative Region (HKSAR) of the PRC was Offered 3.60 million Shares, with 32.40 million Shares to be Placed, presumably with Institutional/Professional and/or Investors with deep pockets.

At Page 176 of the Placing and Public Offer Prospectus, it is stated that, at the midpoint of the Indicative Offer Price Range Per Share, being \$HK4.78, the Company is expected to net about \$HK145.70 million.

This amount of money is intended, at this time, to be utilised as follows:

1. About 70 percent of the net proceeds, that is approximately \$HK102.00 million, '*will be used to apply towards expanding our current financial leasing operation*';
2. About 20 percent of the net proceeds, that is approximately \$HK29.10 million, '*will be used to apply towards developing our new financial leasing related factoring business*'; and,
3. About 10 percent of the net proceeds, that is approximately \$HK14.60 million, '*will be used as our Group's general working capital*'.

It is noted that, according to Page 262 of the Placing and Public Offer Prospectus, the Company shall have paid out about 15.34 percent of the Gross Proceeds of this IPO in respect of the aggregate expenses with regard to this Listing: \$HK26.40 million, based on the midpoint of the Indicative Offer Price Per Share.

The Business Of Wealthy Way Group Ltd

A '**SUMMARY**' of the business of Wealthy Way Group Ltd is given at Page 105 of the Placing and Public

Offer Prospectus as follows:

‘Our Group’s business is conducted via two operating subsidiaries, namely CWW Leasing (Wealthy Way [China] Leasing Company Ltd [()], a company incorporated in the PRC, proper, being separate and distinct from the HKSAR of the PRC, as a wholly foreign-owned enterprise on April 5, 2012, and an indirect wholly-owned subsidiary of Wealth Way Group Ltd) and CWW Services (Shenzhen Wealthy Way Financial Services Company Ltd [], a company, incorporated in the PRC, proper), in Shenzhen, Guangdong Province, the PRC. CWW Leasing is primarily engaged in financial leasing services and financial leasing advisory services, while CWW Services offers other financial advisory services. According to the Euromonitor Report, CWW Leasing is considered as a large-scale financial leasing company in Shenzhen with a registered capital of RMB200.0 million. Since our establishment, we have been continuously offering finance solutions to our customers in the PRC. As at 31 December 2016, we had 48 corporate customers in various industries including airline company (sic), health care service provider and energy saving equipment provider.

‘Over the years, we have accumulated knowledge and experience in meeting the financing needs of our customers in various industries and of different sizes in the PRC. Through CWW Leasing, our financial leasing services are provided to our customers who have financing needs as an alternative source of financing to traditional sources of financing. Our Directors expect that not only our customers but also other companies in their industries will continue to have demand for financial leasing services. We also provided advisory services through CWW Leasing and CWW Services including financial leasing advisory services and other financial advisory services to our customers during the Track Record Period (the 36 months, ended December 31, 2016). Since June 2016, we have started to provide financial leasing related factoring service to our customers.

‘We pursue a diverse source of fund through a combination of internal capital and external bank borrowings from certain PRC banks. Our Directors believe that a diversified funding strategy will lower our cost of capital. We had been maintaining stable relationships with our lenders during the Track Record Period. Our bank borrowing balance as at 31 December 2016 amounted to approximately RMB359.4 million.

‘Being a financial leasing service provider, we have implemented a risk management system to mitigate the risks in our daily operations. The risk management structure of CWW Leasing consists of the risk control committee at the top, under which are risk management department, business development department, and accounting and finance department...

‘Our financial leasing services include sale-leaseback as well as direct financial leasing. Our advisory services mainly include financial leasing advisory services and other financial advisory services. For the years ended 31 December 2014, 2015 and 2016, our financial leasing services and financial leasing advisory services contributed approximately 69.5%, 84.0% and 88.7% of our total revenue respectively, and correspondingly, approximately 30.5%, 16.0% and 9.3% of our total revenue were derived from other financial advisory services. During the Track Record Period, the contribution of financial leasing services and financial leasing advisory services to our total revenue had been growing continuously. We intend to remain focused on the financial leasing business in the future to achieve long term growth.’

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