
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Well Way Group Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities of the Company.

Well Way Group Limited 和匯集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8063)

**(I) MAJOR TRANSACTION IN RELATION
TO THE PROPOSED SUBSCRIPTION OF SHARES
OF CHINA STAR ENTERTAINMENT LIMITED;
(II) PROPOSED OPEN OFFER ON THE BASIS OF
TWO OFFER SHARES FOR EVERY ONE EXISTING SHARE
HELD ON THE RECORD DATE;
(III) CHANGE IN BOARD LOT SIZE;
(IV) PROPOSED RE-ELECTION OF DIRECTOR;
AND
(V) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Underwriter of the Open Offer



**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Capitalized terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in connection with the Subscription and the Open Offer is set out on pages 51 to 52 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation in connection with the Subscription and the Open Offer is set out on pages 53 to 82 of this circular.

A notice convening the EGM to be held at Units 2606A-2608, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong at 11:00 a.m. on Monday, 6 October 2014 or any adjournment thereof is set out on pages 114 to 117 of this circular. A form of proxy for use at the meeting is enclosed with this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

Shareholders and potential investors of the Company should be aware that the Subscription and the Open Offer are subject to certain conditions being satisfied under the respective agreements, and consequently the Subscription and the Open Offer may or may not proceed.

Shareholders and potential investors should note that the Open Offer is conditional upon, amongst others, the Underwriting Agreement having become unconditional and Kingston Securities not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 8 October 2014 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be at 4:00 p.m. on Thursday, 6 November 2014), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

12 September 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

TABLE OF CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE IN RELATION TO THE OPEN OFFER	1
TERMINATION OF THE UNDERWRITING AGREEMENT	4
DEFINITIONS	7
LETTER FROM THE BOARD	14
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	51
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	53
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	83
APPENDIX II — FINANCIAL INFORMATION OF CHINA STAR	85
APPENDIX III — PRO FORMA FINANCIAL INFORMATION OF THE GROUP IN RELATION TO THE SUBSCRIPTION	86
APPENDIX IV — PRO FORMA INFORMATION OF THE GROUP IN RELATION TO THE OPEN OFFER	92
APPENDIX V — DETAILS OF DIRECTOR FOR RE-ELECTION	97
APPENDIX VI — GENERAL INFORMATION	98
NOTICE OF EGM	114

EXPECTED TIMETABLE IN RELATION TO THE OPEN OFFER

The expected timetable for the Open Offer and the proposed change in board lot size is set out below:

2014

Despatch of circular with notice of the Open Offer EGM in respect of the Open Offer	Friday, 12 September
Latest time for lodging transfers of Shares to be qualified for attendance and voting at the Open Offer EGM	At 4:30 p.m. on Thursday, 25 September
Register of members closes to determine the eligibility to vote at the Open Offer EGM (both dates inclusive)	Friday, 26 September to Monday, 6 October
Latest time for returning and lodging proxy form for the Open Offer EGM	At 11:00 a.m. on Saturday, 4 October
Record date for attendance and voting at the Open Offer EGM	Monday, 6 October
Open Offer EGM to approve the Open Offer	At 11:00 a.m. on Monday, 6 October
Announcement of the result of the Open Offer EGM	Monday, 6 October
Last day of dealings in Shares on cum-entitlements of the Open Offer	Tuesday, 7 October
First day of dealings in Shares on ex-entitlements of the Open Offer	Wednesday, 8 October
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	At 4:30 p.m. on Thursday, 9 October

EXPECTED TIMETABLE IN RELATION TO THE OPEN OFFER

Register of members closes to determine the eligibility of the Open Offer (both dates inclusive)	Friday, 10 October to Thursday, 16 October
Record Date for the Open Offer	Thursday, 16 October
Register of members re-opens	Friday, 17 October
Despatch of the Prospectus Documents (in case of the Non-Qualifying Shareholders, the Prospectus only) . . .	Friday, 17 October
Latest time for acceptance and payment for the Offer Shares	At 4:00 p.m. on Friday, 31 October
Latest time for termination of the Underwriting Agreement by Kingston Securities	At 4:00 p.m. on Thursday, 6 November
Announcement of the results of the acceptance of the Offer Shares	Monday, 10 November
Despatch of share certificates for Offer Shares	Wednesday, 12 November
Despatch of refund cheques if the Open Offer is terminated . . .	Wednesday, 12 November
Effective date of the proposed change in board lot size from 2,000 Shares to 10,000 Shares	Wednesday, 12 November
Designated broker starts to stand in the market to provide matching services.	Wednesday, 12 November
Expected first day of dealings in fully-paid Offer Shares on the Stock Exchange	At 9:00 a.m. on Thursday, 13 November
Last day for the designated broker to stand in the market to provide matching services.	Thursday, 4 December

EXPECTED TIMETABLE IN RELATION TO THE OPEN OFFER

All references to times and dates in this circular are references to Hong Kong local times and dates. Dates or deadlines specified herein may be varied or extended by the Company and Kingston Securities and are therefore tentative and indicative only. Further announcement(s) will be made by the Company on any changes to the above expected timetable, if and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES

All times in this circular refer to Hong Kong time. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Friday, 31 October 2014:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

Dates or deadlines stated in this circular for events in the timetable are indicative only and may be extended or varied between the Company and Kingston Securities. Any changes to the anticipated timetable, for the Open Offer will be announced as and when appropriate.

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination (provided that for the purposes of the termination clause of the Underwriting Agreement, if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of Kingston Securities, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of Kingston Securities is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston Securities will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospectus of the Group as a whole; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of Kingston Securities, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (8) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of Kingston Securities be material to the Group as a whole upon completion of the Open Offer and is likely to affect materially and adversely the success of the Open Offer,

Kingston Securities shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

TERMINATION OF THE UNDERWRITING AGREEMENT

Kingston Securities shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement above comes to the knowledge of Kingston Securities; or
- (2) any specified event comes to the knowledge of Kingston Securities.

Any such notice shall be served by Kingston Securities prior to the Latest Time for Termination.

Upon the giving of notice in accordance with the above, the Underwriting Agreement shall terminate and the obligations of the parties thereto shall forthwith cease and be null and void and none of the parties thereto shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Announcement”	the announcement of the Company dated 16 July 2014 in respect of, amongst others, the Subscription, the Open Offer and the change in board lot size
“Application Form(s)”	the application form(s) to be used by the Qualifying Shareholders to apply for the Offer Shares in the agreed form
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors from time to time
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Star”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability and the China Star Shares are listed on the Stock Exchange
“China Star Group”	China Star and its subsidiaries from time to time
“China Star Shares”	the ordinary share(s) in the issued share capital of China Star

DEFINITIONS

“China Star Subscription Price”	the subscription price of HK\$0.09 per China Star Subscription Share
“China Star Subscription Shares”	1,500,000,000 China Star Shares to be issued by China Star to the Subscriber pursuant to the Subscription Agreement
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong or the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as the case may be) (as amended from time to time)
“Company”	Well Way Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“controlling shareholder”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“EGM”	the Subscription EGM and/or the Open Offer EGM (as the case may be)
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities of GEM
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board, comprising all independent non-executive Directors, set up to advise the Independent Shareholders on the Subscription and the Open Offer
“Independent Financial Adviser”	Donvex Capital Limited, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Open Offer

DEFINITIONS

“Independent Shareholders”	the Subscription Independent Shareholders and/or the Open Offer Independent Shareholders (as the case may be)
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected person(s) (as defined under the GEM Listing Rules)
“Irrevocable Undertaking”	the irrevocable undertaking given by Mr. Mung in favour of the Company and Kingston Securities to subscribe for or to procure the subscription for the 102,624,000 Offer Shares to be allotted to him under his entitlement pursuant to the Open Offer
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) is the placing agent under the Placing and the underwriter under the Open Offer
“Last Trading Day”	Tuesday, 8 July 2014, being the last trading day for the Shares prior to the date of the Announcement
“Latest Practicable Date”	8 September 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion herein
“Latest Time for Acceptance”	the latest time for acceptance for the Offer Shares at 4:00 p.m., on Friday, 31 October 2014 or such other time as may be agreed between the Company and Kingston Securities
“Latest Time for Termination”	the latest time for terminating the Underwriting Agreement at 4:00 p.m., on Thursday, 6 November 2014, being the fourth Business Day after the Latest Time for Acceptance
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Mr. Heung”	Mr. Heung Wah Keung, the Co-Chairman of the board of directors, an executive director and a controlling shareholder of China Star
“Mr. Mung”	Mr. Mung Kin Keung, an executive Director and a substantial Shareholder holding 51,312,000 Shares, representing approximately 22.82% of the issued share capital of the Company as at the date of the Subscription Agreement and the Underwriting Agreement and approximately 20.13% of the existing issued share capital of the Company as at the Latest Practicable Date and the Co-Chairman of the board of directors and an executive director of China Star
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) in respect of whom the Board (after making relevant enquiries), consider it necessary or expedient not to offer the Offer Shares to such Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that relevant jurisdiction
“Offer Shares”	new Shares to be allotted and issued pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares at the Open Offer Subscription Price on the basis of two (2) Offer Shares for every one (1) existing Share held on the Record Date
“Open Offer EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve the Open Offer

DEFINITIONS

“Open Offer Independent Shareholders”	Shareholders, other than the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates and Kingston Securities who are required to abstain from voting at the Open Offer EGM
“Open Offer Subscription Price”	HK\$0.30 per Offer Share
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside Hong Kong
“Placing”	the placing of 29,980,000 Placing Shares at the placing price of HK\$0.65 per Placing Share conducted by the Company, details of which is set out in the Announcement, which has been completed as at the Latest Practicable date
“Placing Share(s)”	up to 29,980,000 new Shares placed by Kingston Securities under the Placing
“Possible Acquisition”	the possible acquisition of Mr. Mung’s assets which is in preliminary discussion between the Company and Mr. Mung as disclosed in the Announcement
“Prospectus”	the prospectus containing details of the Open Offer to be issued by the Company and despatched to the Shareholders
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Friday, 17 October 2014 or such later date as may be agreed between Kingston Securities and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders (or the Prospectus only in case of Non-Qualifying Shareholder(s))
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders

DEFINITIONS

“Record Date”	Thursday, 16 October 2014, or such other date as may be agreed between the Company and Kingston Securities for determining entitlements to the Open Offer
“Registrar”	Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, the branch share register and transfer office of the Company in Hong Kong
“Re-election of Director”	the proposed re-election of Mr. Fung Wai Ching as an independent non-executive Director at the Subscription EGM
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Long Joy Investments Limited, a company incorporated in British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Subscription”	the subscription for the China Star Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 8 July 2014 entered into between the Subscriber and China Star in respect of the Subscription
“Subscription EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve the Subscription and the Re-election of Director
“Subscription Independent Shareholders”	Shareholders, other than Mr. Mung, who is considered having material interest in the Subscription, and his associates who will abstain from voting on the resolution to approve the Subscription at the Subscription EGM

DEFINITIONS

“substantial shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules or the Listing Rules (as appropriate)
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 8 July 2014 in relation to the Open Offer entered into among the Company, Kingston Securities and Mr. Mung
“Underwritten Shares”	all the Offer Shares, except those Offer Shares to be taken up by Mr. Mung under the Open Offer pursuant to the Irrevocable Undertaking
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP”	Macau dollars, the lawful currency of Macau Special Administrative Region (Translation of MOP into HK\$ is made in this circular, for illustration purpose only, at a rate of HK\$1.00 = MOP1.03. No representation is made that any amount in MOP or HK\$ could have been or could be converted and/or exchanged at the above rate or at any other rate at all).
“%”	per cent.

LETTER FROM THE BOARD

Well Way Group Limited
和滙集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8063)

Executive Directors:

Mr. Mung Kin Keung

Mr. Mung Bun Man, Alan

Mr. Tse Ke Li

Independent non-executive Directors:

Mr. Chan Wai Man

Mr. Chan Ho Bun, Steve

Mr. Fung Wai Ching

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Head Office and Principal place of
business in Hong Kong:*

Unit 1611

16/F., West Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

12 September 2014

To the Shareholders

Dear Sir or Madam,

**(I) MAJOR TRANSACTION IN RELATION
TO THE PROPOSED SUBSCRIPTION OF SHARES
OF CHINA STAR ENTERTAINMENT LIMITED;
(II) PROPOSED OPEN OFFER ON THE BASIS OF
TWO OFFER SHARES FOR EVERY ONE EXISTING SHARE
HELD ON THE RECORD DATE;
(III) CHANGE IN BOARD LOT SIZE;
(IV) PROPOSED RE-ELECTION OF DIRECTOR;
AND
(V) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, amongst others, the Subscription, the Open Offer and the change in board lot size.

LETTER FROM THE BOARD

On 8 July 2014, the Subscriber entered into the Subscription Agreement with China Star, pursuant to which the Subscriber has conditionally agreed to subscribe and China Star has conditionally agreed to issue the 1,500,000,000 China Star Subscription Shares for a consideration of HK\$135.00 million.

On 16 July 2014, the Company announced the proposal to conduct the Open Offer of not less than 449,754,900 Offer Shares (assuming the Placing was not completed) and not more than 509,714,900 Offer Shares (assuming the Placing Shares are placed in full) to raise not less than approximately HK\$134.93 million and not more than approximately HK\$152.91 million, before expenses, at the Open Offer Subscription Price of HK\$0.30 per Offer Share on the basis of two (2) Offer Shares for every one (1) Share held on the Record Date and payable in full on acceptance. The net proceeds from the Open Offer shall be used to satisfy the consideration of the Subscription. As at the Latest Practicable Date, the Placing Shares have been fully placed and the Company had 254,857,450 Shares in issue. The number of Offer Shares to be allotted and issued under the Open Offer would be 509,714,900 Offer Shares.

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise (i) the Subscription Independent Shareholders as to whether the terms of the Subscription are on normal commercial terms and fair and reasonable and whether the Subscription is in the interests of the Company and the Shareholders as a whole; (ii) the Open Offer Independent Shareholders as to whether the terms of the Open Offer are on normal commercial terms and fair and reasonable and whether the Open Offer is in the interests of the Company and the Shareholders as a whole; and (iii) the Independent Shareholders on how to vote. The Independent Financial Adviser has been appointed to advise the Independent Board Committee in those regards.

The purpose of this circular is to provide you with, among others, (i) details of the Subscription, the Open Offer, the change in board lot size and the Re-election of Director; (ii) a letter from the Independent Board Committee to the Independent Shareholders setting out its recommendations in relation to the Subscription and the Open Offer; (iii) a letter from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders setting out its advice in relation to the Subscription and the Open Offer; and (iv) a notice of the EGM.

(I) THE SUBSCRIPTION

On 8 July 2014, the Subscriber entered into the Subscription Agreement with China Star, pursuant to which the Subscriber has conditionally agreed to subscribe and China Star has conditionally agreed to issue the 1,500,000,000 China Star Subscription Shares for a consideration of HK\$135.00 million.

LETTER FROM THE BOARD

THE SUBSCRIPTION AGREEMENT

Date

8 July 2014

Parties

- (i) The Subscriber, as subscriber; and
- (ii) China Star, as issuer

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company. The Subscriber is principally engaged in investment holding.

RELATIONSHIP BETWEEN CHINA STAR, MR. MUNG AND THE COMPANY

On 8 July 2014, China Star has entered into a subscription agreement with Mr. Mung pursuant to which China Star has conditionally agreed to issue, and Mr. Mung has conditionally agreed to subscribe for, the unsecured zero-coupon convertible bonds up to an aggregate principal amount of HK\$405.00 million (the “**Convertible Bonds**”) by a maximum of five tranches during the period of 36 months (the “**CB Subscription Period**”) commencing from the date of the general meeting of China Star for approving the issue of the Convertible Bonds (the “**CB Subscription**”). As at the Latest Practicable Date, the CB Subscription is subject to conditions precedent and has not been completed, and may or may not proceed.

Assuming full subscription of the Convertible Bonds during the CB Subscription Period and full conversion of the Convertible Bonds, 4,500,000,000 conversion shares of China Star will be allotted and issued to Mr. Mung. The 4,500,000,000 conversion shares of China Star to be allotted and issued represent: (i) approximately 31.16% of the existing issued share capital of China Star as at the date of the Subscription Agreement; (ii) approximately 23.76% of the issued share capital of China Star as enlarged by the allotment and issue of the 4,500,000,000 conversion shares of China Star; and (iii) approximately 22.02% of the issued share capital of China Star as enlarged by the allotment and issue of the 1,500,000,000 China Star Subscription Shares and 4,500,000,000 conversion shares of China Star.

LETTER FROM THE BOARD

On 8 July 2014, Mr. Mung has been appointed as the Co-Chairman of the board of directors of China Star and executive director of China Star. Mr. Mung, an executive Director and the substantial Shareholder holding 51,312,000 Shares, representing approximately 22.82% of the entire issued share capital of the Company as at the date of the Subscription Agreement, will act jointly with Mr. Heung as Co-Chairman of the board of directors of China Star.

Prior to entering into the Subscription Agreement, the Group did not hold any shares and interest in China Star.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, China Star and its ultimate beneficial substantial shareholders are the Independent Third Parties.

Assets to be acquired

1,500,000,000 China Star Subscription Shares represent approximately 10.39% of the issued share capital of China Star as at the date of the Subscription Agreement and approximately 9.41% of the issued share capital of China Star as enlarged by the China Star Subscription Shares.

Pursuant to the Subscription Agreement, the consideration of the Subscription shall be HK\$135.00 million for the 1,500,000,000 China Star Subscription Shares which is equivalent to HK\$0.09 per China Star Subscription Share. The China Star Subscription Shares, when allotted, issued and fully paid, will rank equally in all respects among themselves and with the China Star Shares in issue on the date of allotment and issue of the China Star Subscription Shares.

Subscription Price and consideration

The China Star Subscription Price of HK\$0.09 per China Star Subscription Share represents:

- (i) a discount of approximately 28.00% to the closing price of China Star Share of HK\$0.1250 per share as quoted on the Stock Exchange on 8 July 2014, being the date of the Subscription Agreement;
- (ii) a discount of approximately 24.87% to the average closing price of China Star Share of HK\$0.1198 per share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 7 July 2014, being the last trading date before the date of the Subscription Agreement;

LETTER FROM THE BOARD

- (iii) a discount of approximately 24.05% to the average closing price of China Star Shares of HK\$0.1185 per share as quoted on the Stock Exchange for the ten consecutive trading days up to and including 7 July 2014, being the last trading date before the date of the Subscription Agreement;
- (iv) a discount of approximately 25.62% to the closing price of China Star Shares of HK\$0.1210 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a discount of approximately 18.18% to the net asset value per share of China Star of approximately HK\$0.1132 as at 31 December 2013 (calculated based on the equity attributable to owners of China Star of approximately HK\$1,634,714,000 as at 31 December 2013 as per the annual report of China Star for the year ended 31 December 2013 and 14,439,687,348 China Star Shares in issue as at 8 July 2014, being the date of the Subscription Agreement).

The consideration of the Subscription shall be settled by the Company in cash upon completion of the Subscription. The consideration of the Subscription is intended to be funded by the net proceeds from the Open Offer. In the event that the approval of the Open Offer cannot be obtained by the Company from the Open Offer Independent Shareholders or the completion of the Subscription take place prior to the completion of the Open Offer, the Group intends to satisfy the consideration of the Subscription by internal resources of the Group.

Basis of the consideration of the Subscription

The consideration of the Subscription was agreed between the Company and China Star after arm's length negotiations and on normal commercial terms with reference to the recent share price performance, having taken into account the discount represented by the China Star Subscription Price to the recent closing price level of the China Star Shares, and the trading volume of China Star Shares. The Directors (including the independent non-executive Directors who has taken into account the advice of the Independent Financial Adviser) consider that the terms of the Subscription, including among other things, the consideration of the Subscription, are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions precedent

The completion of the Subscription is conditional upon:

- (a) the passing of the necessary resolution by the shareholders of China Star (other than those who are required to abstain from voting under the Listing Rules or other applicable laws and regulations) at the special general meeting of China Star to approve the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the China Star Subscription Shares;
- (b) if necessary, the passing of the necessary resolution by the Shareholders (other than those who are required to abstain from voting under the GEM Listing Rules or other applicable laws and regulations) who are entitled to vote and not required to be abstained from voting under the GEM Listing Rules at the Subscription EGM to approve the Subscription Agreement and the transactions contemplated thereunder;
- (c) the Listing Committee granting the listing of and permission to deal in the China Star Subscription Shares;
- (d) (if so required) the Bermuda Monetary Authority granting permission for the allotment and issue of the China Star Subscription Shares by China Star;
- (e) the warranties under the Subscription Agreement remaining true and accurate in all material respects; and
- (f) all necessary consents and approvals as may be required in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained by China Star and the Company.

In the event that the conditions precedent of the Subscription Agreement shall not have been fulfilled in full on or before 5:00 p.m. on 31 December 2014 (or such other date as the parties thereto may agree in writing), all rights, obligations and liabilities of the parties to the Subscription Agreement in relation to the Subscription shall cease and terminate and none of the parties shall have any claim against any other in respect of the Subscription save for any antecedent breaches of the Subscription Agreement.

LETTER FROM THE BOARD

The Subscription Agreement does not contain in terms that any of the conditions precedent thereof can be waived by any parties to the Subscription Agreement.

As at the Latest Practicable Date, none of the above conditions of the Subscription Agreement is fulfilled.

Completion of the Subscription

Completion of the Subscription shall take place at 4:00 p.m. on the date falling on the third business day after the fulfillment of the conditions precedent of the Subscription Agreement (or such other later date as may be agreed between parties to the Subscription Agreement).

INFORMATION ON CHINA STAR

The audited consolidated financial results of China Star for the two years ended 31 December 2013 and 2012 and the audited consolidated financial positions as at 31 December 2013 are summarised as follows:

	For the year ended	
	31 December	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	1,404,629	1,464,979
Profit before tax	90,784	93,991
Profit for the year attributable to owners of China Star	93,817	53,360
		As at 31 December
		2013
		<i>HK\$'000</i>
Total current assets		1,442,718
Total non-current assets		1,176,855
Total current liabilities		(255,949)
Total non-current liabilities		(731,138)
Net assets		<u>1,632,486</u>

LETTER FROM THE BOARD

EFFECT ON SHAREHOLDING STRUCTURE OF CHINA STAR

Shareholders	As at the Latest Practicable Date		Upon completion of the Subscription		Upon completion of the Subscription and upon full conversion of the convertible bonds of China Star by Mr. Mung <i>(Note 4)</i>	
	<i>Number of shares of China Star</i>	<i>Approx.%</i>	<i>Number of shares of China Star</i>	<i>Approx.%</i>	<i>Number of shares of China Star</i>	<i>Approx.%</i>
Heung Wah Keung Family Endowment Limited <i>(Note 1)</i>	4,661,162,574	32.28	4,661,162,574	29.24	4,661,162,574	22.80
Dorest Company Limited <i>(Note 2)</i>	41,106	0.00	41,106	0.00	41,106	0.00
Eternity Investment Limited <i>(Note 3)</i>	1,723,854,545	11.94	1,723,854,545	10.82	1,723,854,545	8.43
Mr. Lei Hong Wai <i>(Note 3)</i>	13,195,912	0.09	13,195,912	0.08	13,195,912	0.07
The Subscriber	—	—	1,500,000,000	9.41	1,500,000,000	7.34
Mr. Mung	—	—	—	—	4,500,000,000	22.02
Public	<u>8,041,433,211</u>	<u>55.69</u>	<u>8,041,433,211</u>	<u>50.45</u>	<u>8,041,433,211</u>	<u>39.34</u>
Total	<u><u>14,439,687,348</u></u>	<u><u>100.00</u></u>	<u><u>15,939,687,348</u></u>	<u><u>100.00</u></u>	<u><u>20,439,687,348</u></u>	<u><u>100.00</u></u>

Notes:

1. A company beneficially owned (i) as to 50% by Mr. Heung, the Co-Chairman of the board of directors of China Star, an executive director of China Star and a controlling shareholder of China Star; and (ii) as to 50% by Ms. Chen Ming Yin, Tiffany (“Ms. Chen”), the vice chairman of the board of directors of China Star, an executive director of China Star and a controlling shareholder of China Star.
2. A company beneficially owned as to 60% by Ms. Chen and as to 40% by Mr. Heung.
3. Eternity Investment Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 764) and a substantial shareholder of China Star. Mr. Lei Hong Wai is the chairman of the board of directors and an executive director of Eternity Investment Limited. He is also an employee of China Star.
4. For illustration purpose only.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in the provision and operation of travel business, treasury management and precious metals trading.

The travel business was the major profit stream of the Group for the year ended 31 December 2013. As disclosed in the interim report of the Company for the six months ended 30 June 2014, the Group will continue to look for suitable investment opportunities and projects in other areas characterised by stable cash inflows in order to maintain the Group's sustainability and preservation of value over the longer term.

China Star is an investment holding company and its subsidiaries are principally engaged in film production, distribution of film and television drama series, investing in operations which receive profit streams from the gaming promotion business, property and hotel investment, and property development.

As advised by the management of China Star, China Star intends to use the net proceeds from the Subscription for investment in gaming/gaming-related business in Macau.

The Group has been seeking for suitable investment opportunity and project in order to maintain the Group's sustainability and preservation of value of the Shares over the longer term. As disclosed in the sub-section headed "Information on China Star" above in this circular, China Star recorded audited profit for the year attributable to the owners of China Star of approximately HK\$53.36 million and approximately HK\$93.82 million for the years ended 31 December 2012 and 31 December 2013 respectively. Based on the annual report of China Star for the year ended 31 December 2013, approximately 90% of the China Star revenue was generated by the hotel and gaming service operations segment. The segment profit of hotel and gaming service operations for 2013 was approximately HK\$215.79 million, an 11.91% growth as compared to that in 2012. The hotel and gaming service operations in Hotel Lan Kwai Fong Macau is considered to be the core profit and cash contributor of China Star in the coming few years. The Directors (including the independent non-executive Directors who has taken into account the advice of the Independent Financial Adviser) are of the view that the Subscription will strengthen the investment portfolio of the Company and the Subscription Agreement represents an opportunity to the Company to participate in the future development of China Star. According to the Gaming Inspection and Coordination Bureau (DICJ), Macau had reported a MOP193 billion of gambling revenue in the first half of 2014, up 12.6% as compared to the first half of 2013. Number of visitors had also grew rapidly, with over 15.3 million visitors visited Macau in the first 6 months of 2014, representing 8.1% growth as compared to 14.1 million visitors for the first 6 months of 2013. Against the backdrop of the development of the tourism and gambling

LETTER FROM THE BOARD

industry in Macau and with Macau being the only place legalize to gamble in PRC, the Directors believe the Subscription would allow the Company to invest in gaming/gaming-related business in Macau, and be benefited from any possible appreciation of value of the investment and/or any possible return on investment which might be anticipated with the growing tourism and gambling industry in Macau.

In deciding on the investment on China star, the Directors have taken into account the price of the China Star Shares trading on the market. The China Star Shares are currently trading at price to earnings ratio of around 5.00 times, and price to book ratio of around 0.5 times. As compared to other major gaming operators listed on the Stock Exchange the shares of which are trading at price to earnings ratio of around 14.17 to 25.03 times and price to book ratio of around 4.68 to 17.36 times, the Directors believe the price of the China Star shares is undervalued by the market. In addition, the Company is also optimistic about the future prospects of the China Star Group which may be benefited from its property development in Macau in view of its planning to develop the sections of land acquired by the China Star Group into residential and commercial uses.

In view of the above, the Directors (including the independent non-executive Directors who has taken into account the advice of the Independent Financial Adviser) consider that the terms of the Subscription Agreement (including in particular the China Star Subscription Price) which have been negotiated on an arm's length basis, on normal commercial terms, are fair and reasonable and in the interests of the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no intention in acquiring further interest in China Star.

Save for the Subscription and the Possible Acquisition, the Company had not identified any other possible investment opportunities/targets immediately before entering into the Subscription and as at the Latest Practicable Date. When seeking for investment opportunities, the Company will consider the various factors, including the financials and liquidity, the business prospects, the potential return and growth, the acquiring cost and the proposed terms of the investment opportunities, with an aim to enable the Company to develop a new business segment to diversify the business and/or investment portfolios of the Group which may broaden the revenue base of the Group.

FINANCIAL EFFECTS OF THE SUBSCRIPTION

After completion of the Subscription, the Company will be interested in approximately 9.41% of the entire issued share capital of China Star as enlarged by the China Star Subscription Shares. The investment in China Star Subscription Shares will be treated as available-for-sale investment.

LETTER FROM THE BOARD

The Directors consider that the investment in China Star Subscription Shares, which will be treated as available-for-sale investment, will be subject to normal market risks relating to any fluctuation of the price of the China Star Subscription Shares (which may depend on a number of factors including but not limited to the market sentiment, the overall economic environment and the financial performance of the China Star Group in the future), and unrealised or realised loss/profit might be recorded in the accounts of the Group from time to time accordingly.

(II) THE OPEN OFFER

The Company proposes to raise approximately HK\$152.91 million, before expenses, by way of the Open Offer at the Open Offer Subscription Price of HK\$0.30 per Offer Share on the basis of two (2) Offer Shares for every one (1) Share held on the Record Date and payable in full on acceptance. Details of the Open Offer are set out as follows:

Issue statistics

Basis of the Open Offer:	Two (2) Offer Shares for every one (1) existing Share held on the Record Date
Subscription Price:	HK\$0.30 per Offer Share
Number of Shares in issue as at the Latest Practicable Date:	254,857,450 Shares
Number of Offer Shares:	509,714,900 Offer Shares
Number of Offer Shares to be taken up or procure to be taken up by Mr. Mung pursuant to the Underwriting Agreement:	Mr. Mung, the Director and the substantial Shareholder, has irrevocably undertaken in favour of the Company and Kingston Securities to subscribe for or procure the subscription for the 102,624,000 Offer Shares to be allotted to him under his entitlement pursuant to the Open Offer. Details of the Irrevocable Undertaking is set out under the paragraph headed “Irrevocable Undertaking” in this circular

LETTER FROM THE BOARD

Number of Offer Shares to be underwritten by Kingston Securities: 407,090,900 Offer Shares. The Open Offer is fully underwritten.

Number of Shares in issue upon completion of the Open Offer: 764,572,350 Shares

As at the Latest Practicable Date, the Company has no outstanding convertible securities, share options or warrants in issue which confer any right to subscribe for, convert or exchange into, Shares.

The 509,714,900 Offer Shares proposed to be allotted and issued, represent (i) 200.00% of the Company's issued share capital as at the Latest Practicable Date; and (ii) approximately 66.67% of the Company's issued share capital as enlarged by the allotment and issue of the 509,714,900 Offer Shares immediately after completion of the Open Offer.

The aggregate nominal value of the Offer Shares will be HK\$5,097,149.00.

Basis of entitlement

The basis of the entitlement shall be two (2) Offer Shares for every one (1) existing Share held on the Record Date, being 509,714,900 Offer Shares at the Open Offer Subscription Price. Acceptance for all or any part entitlement of a Qualifying Shareholder should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being accepted for.

Qualifying Shareholders

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date (a) be registered on the register of members of the Company; and (b) not being the Non-Qualifying Shareholders.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

LETTER FROM THE BOARD

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 9 October 2014.

The Open Offer is only available to the Qualifying Shareholders. The Company will send (a) the Prospectus Documents to the Qualifying Shareholders; and (b) the Prospectus, for information only, to the Non-Qualifying Shareholders.

Closure of register of members

The register of members of the Company will be closed from Friday, 26 September 2014 to Monday, 6 October 2014, both dates inclusive, to determine the eligibility of the Shareholders to vote at the Open Offer EGM. The Company's register of members will be closed from Friday, 10 October 2014 to Thursday, 16 October 2014, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during the book closure period.

Rights of Overseas Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. In compliance with the necessary requirements of the GEM Listing Rules, the Company has made enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders.

According to the register of members of the Company as at the Latest Practicable Date, there were Overseas Shareholders with registered addresses located in Macau, the PRC, Singapore and the United States of America ("USA"). The Directors have, in compliance with Rule 17.41 of the GEM Listing Rules, conducted enquiries regarding the feasibility of extending the Open Offer to such Overseas Shareholders.

Based on the enquiries results, the Directors consider that the Offer Shares can be offered to the Overseas Shareholders in the relevant jurisdictions other than the USA as there are no legal restrictions for the Company on offering of the Offer Shares to these Overseas Shareholders. Accordingly, there are no Overseas Shareholders other than the USA Shareholders being prohibited from the Open Offer. Having made enquiries regarding the legal restrictions under the laws of the USA and the requirements of the relevant regulatory bodies or stock exchanges, the Directors are

LETTER FROM THE BOARD

of the view that it is necessary and expedient to exclude the Overseas Shareholder(s) with registered address(es) in the USA from the Open Offer and such Overseas Shareholder(s) will be regarded as Non-Qualifying Shareholders pursuant to Rule 17.41 of the GEM Listing Rules.

Accordingly, the Open Offer will not be extended to the Non-Qualifying Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on Friday, 17 October 2014. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but no Application Form will be sent to them.

As long as the Non-Qualifying Shareholder is the Open Offer Independent Shareholder, such Open Offer Independent Shareholder will be entitled to vote on all resolution(s) in respect of the Open Offer at the Open Offer EGM.

It is the responsibility of the Shareholders (including the Overseas Shareholders) to observe the domestic legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Offer Shares.

Open Offer Subscription Price

The Open Offer Subscription Price is HK\$0.30 per Offer Share, payable in full upon application.

The Open Offer Subscription Price of HK\$0.30 represents:

- (a) a discount of approximately 62.50% to the closing price of HK\$0.800 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 35.76% to the theoretical ex-entitlement price of HK\$0.467 based on the closing price of HK\$0.800 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 59.24% to the average closing price of approximately HK\$0.736 per Share for the last five consecutive trading days immediately prior to the Last Trading Day;
- (d) a discount of approximately 59.46% to the average closing price of approximately HK\$0.740 per Share for the last ten consecutive trading days immediately prior to the Last Trading Day;

LETTER FROM THE BOARD

- (e) a discount of approximately 29.41% to the closing price of approximately HK\$0.425 per Share on the Latest Practicable Date; and
- (f) a discount of approximately 77.94% to the unaudited net assets per Share of approximately HK\$1.360 as at 30 June 2014 (calculated based on the unaudited net asset value of the Group of approximately HK\$346,580,000 as per the interim report of the Group for the six months ended 30 June 2014 and 254,857,450 Shares in issue as at the Latest Practicable Date.)

The Open Offer Subscription Price was determined after arm's length negotiations between the Company and Kingston Securities with reference to, among others, the prevailing market price of the Shares. The Directors (including the independent non-executive Directors who has taken into account the advice of the Independent Financial Adviser) consider that the Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date and the terms of the Open Offer, including the Open Offer Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to share in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. After deducting relevant expenses relating to the Open Offer, the net price per Offer Share will be approximately HK\$0.287.

Status of the Offer Shares

The Offer Shares, when allotted and fully-paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares in their fully-paid form.

Share certificates and refund cheques for the Open Offer

Subject to the fulfillment of the conditions of the Open Offer, certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 12 November 2014. If the Open Offer is terminated, refund cheques will be despatched on or before Wednesday, 12 November 2014 by ordinary post at the respective Shareholders' own risk.

LETTER FROM THE BOARD

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional time and effort, in particular those in handling application for excess Offer Shares by parties who have made application for excess Offer Shares with a view of abusing such mechanism, to administer the excess application procedures.

Given the Open Offer provides an equal and fair opportunity to all the Qualifying Shareholders to participate in the Group's future development by his/her/its entitlements under the Open Offer, the Directors (including the independent non-executive Directors who has taken into account the advice of the Independent Financial Adviser) consider that the excess application of the Offer Shares may not be effective so far as the interests of the Company and the Shareholders are concerned.

The Directors consider that (i) the terms of the Open Offer are structured with an intention to encourage all the Qualifying Shareholders to take up their respective assured allotment of the Offer Shares as the Subscription Price is set at a discount to the prevailing market price of the Shares which provides reasonable incentives to all the Qualifying Shareholders to participate in the Open Offer; (ii) the Qualifying Shareholders have the first right to decide whether to accept the Open Offer; and (iii) the absence of excess application would lower the administrative costs of the Open Offer to the Company. Also taking into account (i) each Qualifying Shareholder will be given equal and fair opportunity to subscribe for his/her/its assured entitlements under the Open Offer at the Open Offer Subscription Price; and (ii) the unsubscribed Offer Shares would be able to broaden Shareholders' base and attract potential investors/subscribers into the Group to be procured by Kingston Securities under the Open Offer, the Directors (including the independent non-executive Directors who has taken into account the advice of the Independent Financial Adviser) are of the view that the absence of excess application to Qualifying Shareholders and the unsubscribed Offer Shares to be taken up by Kingston Securities and/or subscribers procured by it at the Open Offer Subscription Price is fair and in the interest of the Company and the Shareholders as a whole.

Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by Kingston Securities.

LETTER FROM THE BOARD

Fractions of the Offer Shares

No fractional entitlements to the Offer Shares will be issued to the Qualifying Shareholders and no entitlements of the Non-Qualifying Shareholders to the Offer Shares will be issued to the Non-Qualifying Shareholders.

Application for the Offer Shares

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The board lot size of the Offer Shares is 10,000, assuming the change in board lot size becoming effective.

LETTER FROM THE BOARD

Underwriting Agreement

Date: 8 July 2014

Underwriter: Kingston Securities, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Number of Offer Shares to be underwritten: Pursuant to the Underwriting Agreement, the number of Offer Shares to be underwritten by Kingston is not less than 347,130,900 Offer Shares (assuming the Placing was not completed) and not more than 407,090,900 Offer Shares (assuming the Placing Shares are placed in full). As at the Latest Practicable Date, the Placing Shares have been placed in full, and accordingly the number of Offer Shares to be underwritten by Kingston would be 407,090,900 Offer Shares.

Accordingly, taking into account the Irrevocable Undertaking, the Open Offer is fully underwritten.

Irrevocable Undertaking relating to the Offer Shares: Mr. Mung has given an Irrevocable Undertaking in favour of the Company and Kingston Securities to subscribe or procure acceptance for the 102,624,000 Offer Shares to be allotted and issued to him under his entitlement pursuant to the Open Offer. Details of the Irrevocable Undertaking are disclosed in the sub-section headed “Irrevocable Undertaking” below in this circular.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Kingston Securities and its ultimate beneficial owners are Independent Third Parties. As at the date of the Underwriting Agreement, Kingston Securities is interested in 200 Shares.

As at the Latest Practicable Date, save for Irrevocable Undertaking, the Board has not received any information from any substantial shareholders of their intention to take up the Offer Shares provisionally allotted or offered to them or to be provisionally allotted or offered to them.

LETTER FROM THE BOARD

Pursuant to the Underwriting Agreement, when Kingston Securities is called upon to subscribe for or procure subscription for any untaken Offer Shares:

- i. Kingston Securities shall not subscribe, for its own account, for such number of underwritten Offer Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Open Offer; and
- ii. Kingston Securities shall use its best endeavours to ensure that (1) each of the subscribers of the underwritten Offer Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; and (2) the public float requirements under Rule 11.23(7) of the GEM Listing Rules be fulfilled by the Company upon completion of the Open Offer.

On 15 August 2014, Kingston Securities has entered into sub-underwriting agreements with eight sub-underwriters/subscribers, comprising One China Securities Ltd. and seven individuals, who are third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates, to sub-underwrite an aggregate of 258,000,000 Underwritten Shares (representing approximately 33.74% of the enlarged share capital of the Company immediately after completion of the Open Offer (the “**Enlarged Capital**”)). One China Securities Ltd. has procured to subscribe for 60,000,000 Underwritten Shares (representing approximately 7.85% of the Enlarged Capital). Of the other seven individuals, (i) four of which have each procured to subscribe for 33,000,000 Underwritten Shares (representing approximately 4.32% of the Enlarged Capital); (ii) one of which has procured to subscribe for 26,000,000 Underwritten Shares (representing approximately 3.40% of the Enlarged Capital); and (iii) the remaining two of which have procured to subscribe for 20,000,000 Underwritten Shares (representing approximately 2.62% of the Enlarged Capital).

According to the sub-underwriting arrangements above, it is expected that none of the sub-underwriters/subscribers above will become a substantial shareholder immediately after the completion of the Open Offer. In the event any of the sub-underwriters/subscribers above becomes a substantial shareholder after completion of the Open Offer, further announcement will be made by the Company.

LETTER FROM THE BOARD

Underwriting commission

The Company will pay Kingston Securities an underwriting commission of 3.5% of the aggregate Open Offer Subscription Price in respect of the maximum number of the Underwritten Shares.

The Directors (including the independent non-executive Directors who has taken into account the advice of the Independent Financial Adviser) consider the terms of the Underwriting Agreement including the commission rate accord with the market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

Irrevocable Undertaking

As at the date of the Underwriting Agreement, Mr. Mung was interested in 51,312,000 Shares. Pursuant to the Irrevocable Undertaking, Mr. Mung has irrevocably undertaken to the Company and Kingston Securities:

- (i) not to dispose of, or agree to dispose of, any Shares held by him from the date of the Underwriting Agreement to the close of business on the Record Date;
- (ii) to accept or procure the acceptance for the 102,624,000 Offer Shares to be allotted and issued to him under his entitlement pursuant to the Open Offer; and
- (iii) to lodge the Application Form(s) in respect of the Offer Shares referred to in paragraph (ii) above.

As at the date of the Underwriting Agreement, other than Mr. Mung, the Company had not received any undertaking provided by any other Shareholders to subscribe for his/her/its entitlement under the Open Offer or any arrangement that may have an effect on the Open Offer.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (1) the passing by the Open Offer Independent Shareholders by way of poll of all necessary resolutions to approve the Open Offer and the transactions contemplated thereunder at the relevant Open Offer EGM by no later than the Prospectus Posting Date;

LETTER FROM THE BOARD

- (2) the passing of a resolution by the Shareholders (other than those who are required to abstain from voting under the GEM Listing Rules or other applicable laws and regulations) to approve the Subscription at the Subscription EGM;
- (3) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (4) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus only to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;
- (5) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (6) the obligations of Kingston Securities becoming unconditional and the Underwriting Agreement is not terminated in accordance with its terms;
- (7) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (8) compliance with and performance of all undertakings and obligations of Mr. Mung under the Irrevocable Undertaking; and
- (9) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and Kingston Securities may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

LETTER FROM THE BOARD

As at the Latest Practicable Date, none of the above conditions of the Open Offer is fulfilled.

For avoidance of doubt, the Open Offer is conditional upon the passing of a resolution by the Subscription Independent Shareholders to approve the Subscription at the Subscription EGM and the passing of a resolution by the Open Offer Independent Shareholders to approve the Open Offer at the Open Offer EGM.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of the termination clause of the Underwriting Agreement, if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of Kingston Securities, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

LETTER FROM THE BOARD

- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of Kingston Securities is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston Securities will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospectus of the Group as a whole; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of Kingston Securities, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement, or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (8) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of Kingston Securities be material to the Group as a whole upon completion of the Open Offer and is likely to affect materially and adversely the success of the Open Offer,

LETTER FROM THE BOARD

Kingston Securities shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Kingston Securities shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement above comes to the knowledge of Kingston Securities; or
- (2) any specified event comes to the knowledge of Kingston Securities.

Any such notice shall be served by Kingston Securities prior to the Latest Time for Termination.

Upon the giving of notice in accordance with the above, the Underwriting Agreement shall terminate and the obligations of the parties thereto shall forthwith cease and be null and void and none of the parties thereto shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

REASONS FOR AND BENEFITS OF THE OPEN OFFER AND USE OF PROCEEDS

Pursuant to the Subscription Agreement, the Company will satisfy the consideration of the Subscription of HK\$135.00 million in cash upon completion of the Subscription. Mr. Mung, who is considered to have material interest in the Subscription, and his associates will abstain from voting on the resolution to approve the Subscription at the Subscription EGM.

Shareholders should be reminded that the Open Offer is conditional upon the passing of a resolution by the Subscription Independent Shareholders to approve the Subscription at the Subscription EGM and the Subscription is not conditional upon the passing of a resolution by the Open Offer Independent Shareholders to approve the Open Offer at the Open Offer EGM. In the event that the approval of the Subscription cannot be obtained by the Company from the Subscription Independent Shareholders, the Open Offer will not proceed.

LETTER FROM THE BOARD

The gross proceeds from the Open Offer is approximately HK\$152.9 million. The net proceeds from the Open Offer (after deducting estimated expenses of approximately HK\$6.3 million) is estimated to be approximately HK\$146.6 million. The net proceeds from the Open Offer are intended to be applied (i) as to approximately HK\$135.9 million (including cash consideration and directly attributable expenses) for the Subscription; and (ii) as to remaining balance, if any, to fund future expansion of the Group's businesses (such as for internal expansion by recruitment or for diversifying business/investment portfolios of the Group) and/or for general working capital of the Group (such as staff costs and other operating expenses). It is estimated that staff costs of the Group for the coming 12 months would be approximately HK\$34 million.

According to the tentative timetable of the Open Offer, the Subscription, if approved by the Subscription Independent Shareholders at the Subscription EGM, shall be completed prior to the completion of the Open Offer. In the event that the approval of the Open Offer cannot be obtained by the Company from the Open Offer Independent Shareholders or the completion of the Subscription take place prior to the completion of the Open Offer, the Group intends to satisfy the consideration of the Subscription by internal resources of the Group.

The Group's existing internal resources involve mainly trade and other receivables, and bank balance and cash. As at 30 June 2014, there was approximately HK\$184.7 million of trade and other receivables and approximately HK\$167.1 million of cash at bank for the Group, which is sufficient to settle the consideration for the Subscription in the event the Open Offer cannot be completed. In addition, in case the Open Offer cannot be completed and the Subscription is financed by the internal resources of the Group, the Directors consider that the Group still has sufficient working capital for its present requirements that is for at least the next 12 months from the date of this circular.

The Company intends to continue its existing core business in travel business, and meanwhile to explore investment opportunities with an aim to diversify its investment portfolios. Based on the existing operations of the Group, the working capital requirements of the Group mainly involves settlement of trade and other payables as well as operating expenses for staff costs, office rental and legal and professional fees.

LETTER FROM THE BOARD

Notwithstanding the Company had raised approximately HK\$92.9 million from the fund raising activities conducted by the Company in the past 12 months prior to the Latest Practicable Date (the “**Fund Raising Activities**”), details of which are set out in the section headed “**FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS PRIOR TO THE LATEST PRACTICABLE DATE**” below, of which approximately HK\$1.85 million had been used for general working capital, it is intended that approximately HK\$50.0 million would be reserved for as estimated budgets for the possible acquisition of an office premises, and the remaining proceeds could be reserved as to approximately HK\$10.2 million for payment of rentals under the existing tenancy agreement in respect of the office lease and as to the remaining balance of approximately HK\$30.9 million for staff costs and/or other operating expenses of the Group in the coming 12 months so far as the net proceeds are not applied for any investment opportunities.

Notwithstanding the existing cash resources of the Group (including the unutilised net proceeds from the Fund Raising Activities) is sufficient to finance the Subscription, the financing of the Subscription by the internal resources of the Group would result in substantially decrease in working capital, liquidity and the financial flexibilities of the Group, and thus constraining the business operations and development of the Group. Accordingly, the Directors consider that the Open Offer represents a feasible necessary means for the Company to raise additional funds for completing the Subscription while maintaining and improving the liquidity and financial flexibility of the Group for its operation and business development.

As disclosed in the Announcement, the Company is in preliminary discussion with Mr. Mung for the Possible Acquisition (involving certain listed securities currently held by Mr. Mung), which is at a preliminary stage. As at the Latest Practicable Date, the investment size of the Possible Acquisition had not been determined which, if materialized may constitute a notified and connected transaction of the Company under the GEM Listing Rules. The Company will make further announcement(s) should there be any material development or entering into of any legally binding agreement in accordance with the requirement of the GEM Listing Rules as and when appropriate. Save for the Subscription and the Possible Acquisition, no other investment opportunities or arrangements are under negotiations as at the Latest Practicable Date. In the event that any investment opportunities are negotiated and advanced to more concrete plans, the Company may have capital needs for any such investment opportunities.

LETTER FROM THE BOARD

As the Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group, the Directors (including the independent non-executive Directors who has taken into account the advice of the Independent Financial Adviser) consider that fund raising through the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole. However, Shareholders should take note of the inevitable dilution effect of the Open Offer on the shareholdings in the Company of those Shareholders who do not take up their entitlements under the Open Offer. The Directors consider the Open Offer as appropriate and feasible means of fund raising for the Group taking into account: (i) the obtaining of debt financing would be subject lengthy due diligence process and incur interest burden to the Group; (ii) placing of new Shares would only be available to certain places who were not necessarily the existing Shareholders and would dilute their shareholdings in the Company; (iii) the Open Offer offers all the Qualifying Shareholders equal opportunity to subscribe for their pro-rata provisional entitlement of the Offer Shares and hence avoids dilution, and participate as they wish in the future growth and development of the Group; and (iv) although rights issue as compared with open offer would offer an opportunity of trading nil-paid rights to the Qualifying Shareholders, having considered the extra administrative work and cost which will be involved for the trading arrangements in relation to the nil-paid rights, raising funds by way of the Open Offer is more cost-effective and efficient.

Based on the above, the Directors (including the independent non-executive Directors who has taken into account the advice of the Independent Financial Adviser) consider the Open Offer and the terms of the Underwriting Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Mung Kin Keung was abstained from voting for approving the Subscription and he was absent in the Board meeting for approving the Subscription and the Open Offer.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effects of the Open Offer on the shareholding structure of the Company are set out as below:

	As at the Latest Practicable Date		Immediately after the completion of the Open Offer (assuming all Offer Shares are taken up by the Qualifying Shareholders)		Immediately after the completion of the Open Offer (assuming none of the Offer Shares are taken up by the Qualifying Shareholders, save for the 102,624,000 Offer Shares to be undertaken by Mr. Mung pursuant to the Irrevocable Undertaking)	
Shareholders	<i>Shares</i>	<i>Approx.%</i>	<i>Shares</i>	<i>Approx.%</i>	<i>Shares</i>	<i>Approx.%</i>
Directors						
Mr. Mung	51,312,000	20.13	153,936,000	20.13	153,936,000	20.13
Mr. Tse Ke Li	1,150,000	0.45	3,450,000	0.45	1,150,000	0.15
Public Shareholders						
Other public Shareholders	202,395,250	79.42	607,185,750	79.42	202,395,250	26.47
Kingston Securities and subscribers to be procured by Kingston Securities under the Open Offer <i>(Note)</i>	200	0.00	600	0.00	407,091,100	53.25
Total	254,857,450	100.00	764,572,350	100.00	764,572,350	100.00

Note:

Pursuant to the Underwriting Agreement,

- (i) Kingston Securities is interested in 200 Shares as at the Latest Practicable Date.
- (ii) Kingston Securities shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Open Offer; and
- (iii) Kingston Securities shall use its best endeavours to ensure that (1) each of the subscribers of the Underwritten Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; and (2) the public float requirements under Rule 11.23(7) of the GEM Listing Rules be fulfilled by the Company upon completion of the Open Offer.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS PRIOR TO THE LATEST PRACTICABLE DATE

Set out below is the fund raising activities conducted by the Company in the past 12 months prior to the Latest Practicable Date.

Date of announcement	Description	Net proceeds	Intended use of proceeds	Actual use of proceeds	Dilution impact (Approximately)
22 January 2014, 24 January 2014, 30 January 2014 and 11 February 2014	Placing of 24,986,000 new Shares by the Company under general mandate at a price of HK\$1.00 per Share	Approximately HK\$24.14 million	For general working capital requirements and future potential investment opportunities (Note 5)	Approximately HK\$1.85 million has been used as general working capital mainly involving settlement of trade and other payables as well as operating expenses for staff cost office rents and legal and professional fees of the Group, and the balance is currently placed with bank and to be used as intended as at the Latest Practicable Date	16.67% (Note 1)
1 April 2014, 22 April 2014, 26 May 2014 and 17 June 2014	Open offer of 74,959,150 new Shares at HK\$0.70 per Share	Approximately HK\$50.09 million	For acquisition of office premise of the Company or future potential investment opportunities (Note 5&6)	The net proceeds has not been utilized as at the Latest Practicable Date and is currently placed with bank and to be used intended	33.33% (Note 2)
16 July 2014 and 30 July 2014	the Placing under general mandate	Approximately HK\$18.705 million	For general working capital requirements	The net proceeds has not been utilized as at the Latest Practicable Date and is currently placed with bank and to be used intended	11.76% (Note 3)

Notes:

1. Calculated as: (the number of new Shares issued under the placing (i.e. 24,986,000 new Shares) divided by the number of the enlarged issued Share immediately upon completion of the placing (i.e. 149,918,300 Shares)) times 100%.
2. Calculated as: (the number of new Shares issued under the open offer (i.e. 74,959,150 new Shares) divided by the number of enlarged issued Shares immediately upon completion of the open offer (i.e. 224,877,450 Shares)) times 100%.

LETTER FROM THE BOARD

3. Calculated as: (the number of new Shares issued under the Placing (i.e. 29,980,000 new Shares) divided by the number of enlarged issued Shares immediately upon completion of the Placing (i.e. 254,857,450 Shares)) times 100%.
4. The cumulative dilution impact of the above-listed fund raising activities is approximately 50.98%, calculated as: (the aggregate number of new Shares issued under the above-listed fund raising activities (i.e. 129,925,150 Shares) divided by the number of issued Shares immediately upon completion of the Placing (i.e. 254,857,450 Shares)) times 100%. Save for the new Shares issued under the above-listed fund raising activities, the Company had not issued any other new Shares for the past 12 months prior to the Latest Practicable Date.
5. As at the Latest Practicable Date, save for the Subscription and the Possible Acquisition, no potential investment opportunities have been identified by the Group.
6. The Company budgeted to use HK\$45 million to HK\$50 million to acquire an office premise with size of 2,000 to 2,500 square feet in commercial areas, like Wan Chai, Admiralty, Central or Sheung Wan. After completion of the open offer in mid June, the Company had solicited, through a few property agents, and visited some office premises in Central and Admiralty, however, availability of office premises of such size for sale are limited in the market in these areas at the time, and no suitable office premise have been found. As at the Latest Practicable Date, the Company has not entered into any agreements for acquisition of office premise and is keeping on looking at the property market for suitable office premise. The Company is currently leasing an office premise for internal use of the Company.

(III) CHANGE IN BOARD LOT SIZE

The Board announced in the Announcement that the board lot size for trading in the Shares on GEM of the Stock Exchange will be changed from 2,000 Shares to 10,000 Shares with effect from 9:00 a.m. on 12 November 2014.

The Shares are currently traded in board lots of 2,000 Shares each and the market value of each board lot is HK\$1,600 (based on the closing price of HK\$0.80 per Share as quoted on the Stock Exchange on the Last Trading Date). In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to change the board lot size for trading of the Shares from 2,000 Shares to 10,000 Shares with effect from 12 November 2014.

Based on the theoretical ex-entitlement price of the Shares of HK\$0.467 per Share with reference to the closing price on the Last Trading Date, the new estimated board lot value of 10,000 Shares would be approximately HK\$4,670. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

Odd lots arrangement

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company will appoint a securities house as an agent to provide odd lot matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 12 November 2014 to 4 December 2014 (both dates inclusive). Further details will be announced regarding the odd lot matching facility. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the facility.

All existing share certificates in board lot of 2,000 Shares will continue to be evidence of entitlement to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 2,000 Shares to new share certificates in board lot size of 10,000 Shares is necessary. With effect from 12 November 2014, any new certificate of the Shares will be issued in new board lot size of 10,000 Shares (except for odd lots or where the Shareholder(s) otherwise instruct(s)). Save and except for the change in the number of Shares for each board lot, new certificates of Shares will have the same format and colour as the existing certificates of Shares.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

For the year ended 31 December 2013, the Group's consolidated revenue amounted to HK\$52,516,000, representing a 9.6% decrease compared to HK\$58,108,000 for the year ended 31 December 2012. The revenue arising from travel business consists of agency commission and service income (both from customers and suppliers) generated from the provision of travel related products and services, including airtickets, hotel rooms, Free Independent Traveler packages and ground transportation handling services. For the year ended 31 December 2013, the Group recorded a loss attributable to owners of the Company of HK\$36,969,000 (for the year ended 31 December 2012: HK\$33,585,000), representing basic loss per share of HK\$29.59 cents (for the year ended 31 December 2012: HK\$26.88 cents).

LETTER FROM THE BOARD

The travel business was the major profit stream of the Group for the year ended 31 December 2013. Due to the slowdown in travel business in the current economic environment, the revenue of the travel business have fallen below the expectation of the Company. Nevertheless, the Board is pleased that its travel business continues to maintain an operating profit (before amortization expenses and impairment loss on goodwill) since the Group acquired it in 2011. Barring unforeseen circumstances, the Company continues to be cautiously optimistic on the Group's travel business.

As disclosed in the annual report of the Company for the year ended 31 December 2013, the recoverable amount of the travel business was based on its value in use and was determined with the assistance of an independent professional qualified valuer. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a discount rate of 16.52%. Cash flows after the five-year period were extrapolated using a 2.86% growth rate in considering the economic condition of the market. The growth rates used to extrapolate cash flow projections beyond the five-year period do not exceed the long-term average growth rate for the industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows which include budgeted sales and gross margin. Such estimation is based on the unit's past performance and management's expectations for the market development including the slow down in travel business in the current economic environment. Both actual sales and profit generated from the travel business segment in Singapore have fallen below expectation, and therefore the management has revised the cash flow projections.

Therefore, an additional impairment loss on goodwill amounted to HK\$25 million was recorded by the Group for the year ended 31 December 2013.

The Group recognized an impairment loss on goodwill amounting to HK\$25 million for the year ended 31 December 2013 (for the year ended 31 December 2012: HK\$24 million) regarding the travel business in Singapore.

During the year 2013, the travel business environment in Singapore was continuing to be more competitive. Besides increasing in price driven competition among the industry, the outbreak of avian influenza H7N9 in mainland China in the second quarter of 2013 and illegal fire of woods for land clearing in Indonesia, during the mid of 2013, which led to haze problem and air pollution, as well as air traffic control and cancellation/ delay of certain large events in Singapore, certainly have a short-term impact on the momentum of business travel for the corporate customers as well as leisure travel for individual and inbound tours.

LETTER FROM THE BOARD

Above-mentioned factors led to the actual sales and profit generated from the travel business segment to falling below expectation. The management therefore was of the opinion that their expectation on potential profitability in previous years might not be met. As a result, the valuation assumptions and the cash flow projection have been adjusted to reflect a more conservative expectation, leading to the impairment loss. Accordingly, the assumptions used in financial budgets including a discount rate of 16.52% (2012: 16.63%) and 2.86% (2012: 2.67%) growth rate in cash flows after the five-year period.

According to the valuation report dated 14 March 2014 prepared by an independent professional qualified valuer, three valuation approaches, namely the market approach, the cost approach and the income approach are considered. The income approach, which is consistently applied in prior years, was considered as the most appropriate and adopted in the valuation because it eliminates the discrepancy in time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to the business operation, and is the most appropriate approach for the valuation of intangible assets and goodwill of the Group.

No revenue has contributed to the Group from precious metals trading and treasury management businesses for the financial year ended 31 December 2013. With an aim to increasing core profit of the Group, the Board has commenced investment in the equities market in 2014.

In 2013, the Group discontinued precious metals trading business based on the fact that segment profit generated from the precious metals trading in past three years was minimal and the disposal of the ordinary membership of The Chinese Gold & Silver Exchange Society (including the gold bullion group) and 136,000 unlisted shares of Hong Kong Precious Metals Exchange Limited at a cash consideration of HK\$12.7 million represented a good opportunity to realize cash for the use of the existing business and/or new investment opportunity (if any). Details of the disposal has been disclosed in the announcement of the Company dated 15 November 2013.

For the six months ended 30 June 2014, the Group's consolidated revenue of the Group amounted to HK\$20,541,000, representing 12.5% decrease compared to HK\$23,464,000 for the six months ended 30 June 2013. The revenue arising from travel business consists of agency commission and service income (both from customers and suppliers) generated from the provision of travel related products and services, including airtickets, hotel rooms, Free Independent Traveler packages and ground transportation handling services. For the six months ended 30 June 2014, the Group recorded a loss attributable to owners of the Company of HK\$6,411,000 (for the six months ended 30 June 2013: HK\$20,785,000), representing a basic loss per share of HK\$4.11 cents (for the six months ended 30 June 2013: HK\$16.20 cents, as restated).

LETTER FROM THE BOARD

During the year 2013, the Group ceased precious metals trading business and disposed the ordinary membership of The Chinese Gold & Silver Exchange Society (including the gold bullion group) and 136,000 unlisted shares of Hong Kong Precious Metals Exchange Limited in 2014. The transaction is completed on 18 February 2014 and the Group recognised a one-off gain on disposal on investments of HK\$12,309,000. Details of the disposal was disclosed in the Company's announcement dated 15 November 2013.

The Board commenced investment in the equities market in 2014, for the six months ended 30 June 2014, the Group recorded a net loss on investment held for trading of HK\$2,263,000. As part of risk management philosophy, the Group will continue to adopt a prudent and vigilant attitude toward securities investments policy with a view to achieving better returns on its financial resources and maintaining a more balanced and healthy portfolio of investment.

Assuming completion of the Subscription, details of which are set out in the section headed "(I) THE SUBSCRIPTION" above, the Company will be interested in approximately 9.41% of the entire issued share capital of China Star as enlarged by the China Star Subscription Shares. The investment in China Star Subscription Shares will be treated as available-for-sale investment. The consideration of the Subscription will be funded by the internal resources of the Group and/or the Open Offer. As advised by the management of China Star, China Star intends to use the net proceeds from the Subscription for investment in gaming/gaming-related business in Macau. For further details, please refer to the subsection headed "Reasons for and benefits of the Subscription" under the section headed "(I) THE SUBSCRIPTION" above.

In order to maintain the Group's sustainability and preservation of value over the longer term, the Group will continue to look for suitable investment opportunities and projects to diversify the Group's business and broaden the Group's revenue.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors of the Company should be aware that the Subscription and the Open Offer are subject to certain conditions being satisfied under the respective agreements, and consequently the Subscription and the Open Offer may or may not proceed.

Shareholders and potential investors should note that the Open Offer is conditional upon, amongst others, the Underwriting Agreement having become unconditional and Kingston Securities not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

LETTER FROM THE BOARD

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 8 October 2014 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be at 4:00 p.m. on Thursday, 6 November 2014), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

GEM LISTING RULES IMPLICATIONS

The Subscription constitutes a major transaction on part of the Company under the GEM Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules. Mr. Mung, who is considered having material interest in the Subscription, and his associates will abstain from voting approving the Subscription at the Subscription EGM. Save for Mr. Mung and his associates, no other Shareholders are required to abstain from voting on the resolution to approve the Subscription at the Subscription EGM.

Pursuant to the requirements of the GEM Listing Rules, the Open Offer is conditional upon the approval by the Shareholders by way of a poll at the Open Offer EGM, where the controlling shareholder, or in the case where the Company has no controlling shareholder, the directors (excluding independent non-executive directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the Open Offer. As at the Latest Practicable Date, the Company has no controlling shareholder. Mr. Mung and Mr. Tse Ke Li, the executive Directors, held 51,312,000 and 1,150,000 Shares respectively. Accordingly, Mr. Mung and Mr. Tse Ke Li and their respective associates are required to abstain from voting in favour for approving the Open Offer at the Open Offer EGM. Kingston Securities is also required to abstain from voting in favour for the respective resolution(s) for approving the Open Offer at the Open Offer EGM.

LETTER FROM THE BOARD

GENERAL

The Company has established the Independent Board Committee, which comprises all independent non-executive Directors, to advise (i) the Subscription Independent Shareholders as to whether the terms of the Subscription Agreement are on normal commercial terms and fair and reasonable and whether the Subscription is in the interests of the Company and the Shareholders as a whole; (ii) the Open Offer Independent Shareholders as to whether the terms of the Open Offer are on normal commercial terms and fair and reasonable and whether the Open Offer is in the interests of the Company and the Shareholders as a whole; and (iii) the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in those regards.

Subject to, among other things, the Open Offer being approved by the Open Offer Independent Shareholders at the Open Offer EGM, the Company will send (i) the Prospectus Documents setting out the details of the Open Offer to the Qualifying Shareholders, and (ii) the Prospectus to the Non-Qualifying Shareholders for information only in compliance with the requirements of the GEM Listing Rules.

PROPOSED RE-ELECTION OF DIRECTOR

According to Article 86(3) of the Articles of Association, any Director appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election. As such in accordance with Article 86(3) of the Articles of Association, Mr. Fung Wai Ching shall retire from office as Director at the EGM and, being eligible, will offer himself for re-election as an independent non-executive Director.

At the EGM, an ordinary resolution will be proposed to approve the re-election of Mr. Fung Wai Ching, as an independent non-executive Director.

Particulars relating to Fung Wai Ching as required to be disclosed under the GEM Listing Rules has been set out in Appendix V to this circular.

EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Subscription and the Open Offer and for the Shareholders to consider and, if thought fit, to approve the Re-election of Director by way of poll.

LETTER FROM THE BOARD

A notice convening the EGM is set out from pages 114 to 117 of this circular. Whether or not you are able to attend the EGM in person, you are advised to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time fixed for the holding the EGM or any adjournment thereof. Completion and return of form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, if you so wish.

RECOMMENDATION

The Directors (including independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the Subscription and the Open offer are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. The Directors also believe that the change of board lot size and the proposed Re-election of Director are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) recommend the Independent Shareholders or the Shareholders (as the case may be) to vote in favour of the relevant resolutions to be proposed at the EGM.

You are advised to read carefully the letter from the Independent Board Committee set out on pages 51 to 52 of this circular and the letter from the Independent Financial Adviser set out on pages 53 to 82 of this circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Well Way Group Limited
Mung Bun Man, Alan
Executive Director

Well Way Group Limited
和滙集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8063)

12 September 2014

To the Independent Shareholders

Dear Sir/Madam,

**(I) MAJOR TRANSACTION IN RELATION
TO THE PROPOSED SUBSCRIPTION OF SHARES
OF CHINA STAR ENTERTAINMENT LIMITED
AND
(II) PROPOSED OPEN OFFER ON THE BASIS OF
TWO OFFER SHARES FOR EVERY ONE EXISTING SHARE
HELD ON THE RECORD DATE**

We refer to the circular of the Company dated 12 September 2014 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Circular.

We have been appointed as Independent Board Committee to advise (i) the Subscription Independent Shareholders as to whether the terms of the Subscription Agreement are on normal commercial terms and fair and reasonable and whether the Subscription is in the interests of the Company and the Shareholders as a whole; (ii) the Open Offer Independent Shareholders as to whether the terms of the Open Offer are on normal commercial terms and fair and reasonable and whether the Open Offer is in the interests of the Company and the Shareholders as a whole, and to recommend the Independent Shareholders on how to vote at the EGM. Donvex Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in those regards.

Your attention is drawn to the “Letter from the Board” as set out in the Circular and the “Letter from the Independent Financial Adviser” as set out in the Circular which contains its advice and recommendation to us in respect of the Subscription and the Open Offer, as well as the principal factors and reasons for its advice and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the factors and reasons considered by, and the opinion of Donvex Capital Limited as set out in the “Letter from the Independent Financial Adviser” in the Circular, we are of the opinion that the terms of the Subscription and the Open Offer are on normal commercial terms and fair and reasonable and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Subscription and the Open Offer.

Yours faithfully,

Mr. Chan Wai Man
Independent
non-executive Director

Mr. Chan Ho Bun, Steve
Independent
non-executive Director

Mr. Fung Wai Ching
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 1305, 13th Floor,
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

12 September 2014

*The Independent Board Committee and the Independent Shareholders of
Well Way Group Limited*

Dear Sirs,

**(I) MAJOR TRANSACTION IN RELATION
TO THE PROPOSED SUBSCRIPTION OF SHARES
OF CHINA STAR ENTERTAINMENT LIMITED;
(II) PROPOSED OPEN OFFER ON THE BASIS OF
TWO OFFER SHARES FOR EVERY ONE EXISTING SHARE
HELD ON THE RECORD DATE**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Open Offer, details of which are set out in the letter from the Board contained in the circular of the Company dated 12 September 2014 to the Shareholders (the “Circular”), of which this letter forms part. Terms used herein have the same meanings as defined elsewhere in the Circular unless the context require otherwise.

On 8 July 2014, the Subscriber entered into the Subscription Agreement with China Star, pursuant to which the Subscriber has conditionally agreed to subscribe and China Star has conditionally agreed to issue the 1,500,000,000 China Star Subscription Shares for a consideration of HK\$135.00 million.

On 16 July 2014, the Company announced the proposal to conduct the Open Offer of not less than 449,754,900 Offer Shares (assuming the Placing was not completed) and not more than 509,714,900 Offer Shares (assuming the Placing Shares are placed in full) to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

raise not less than approximately HK\$134.93 million and not more than approximately HK\$152.91 million, before expenses, at the Open Offer Subscription Price of HK\$0.30 per Offer Share on the basis of two (2) Offer Shares for every one (1) Share held on the Record Date and payable in full on acceptance. The net proceeds from the Open Offer shall be used to satisfy the consideration of the Subscription. As at the Latest Practicable Date, the Placing Shares have been fully placed and the Company had 254,857,450 Shares in issue. The number of Offer Shares to be allotted and issued under the Open Offer would be 509,714,900 Offer Shares.

The Subscription constitutes a major transaction on part of the Company under the GEM Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules. Mr. Mung, who is considered having material interest in the Subscription, will abstain from voting approving the Subscription at the Subscription EGM. Save for Mr. Mung, no other Shareholders are required to abstain from voting on the resolution to approve the Subscription at the Subscription EGM.

The Open Offer will be fully underwritten by Kingston Securities subject to the terms and conditions set out in the Underwriting Agreement. In accordance with Rule 10.39(1) of the GEM Listing Rules, the Open Offer is conditional upon the approval by the Shareholders by way of a poll at the Open Offer EGM, where the controlling shareholder, or in the case where the Company has no controlling shareholder, the directors (excluding independent non-executive directors), the chief executive of the Company and their respective associates are required to abstain from voting in favor of the Open Offer. As at the Latest Practicable Date, the Company has no controlling shareholder. Mr. Mung and Mr. Tse Ke Li, the executive Directors, held 51,312,000 and 1,150,000 Shares respectively. Accordingly, Mr. Mung and Mr. Tse Ke Li and their respective associates are required to abstain from voting in favor for approving the Open Offer at the Open Offer EGM. Kingston Securities is also required to abstain from voting in favor for the respective resolution(s) for approving the Open Offer at the Open Offer EGM.

Mr. Chan Wai Man, Mr. Chan Ho Bun, Steve and Mr. Fung Wai Ching, the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise (i) the Subscription Independent Shareholders as to whether the terms of the Subscription are on normal commercial terms and fair and reasonable and whether the Subscription is in the interests of the Company and the Shareholders as a whole; (ii) the Open Offer Independent Shareholders as to whether the terms of the Open Offer are on normal commercial terms and fair and reasonable and whether the Open Offer is in the interests of the Company and the Shareholders as a whole; and (iii) the Independent Shareholders on how to vote. Being the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 17.92 of the GEM Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the information, statements, opinion and representations contained or referred to in this Circular and all information and representations which have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so at the date hereof. We have also assumed that all statements of belief, opinion and intention of the Directors as set out in the letter from the Board contained in this Circular were reasonable made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in this Circular.

The Company confirmed that it has provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in this Circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material facts or information, which is known to the Company, have been omitted or withheld from the information supplied or opinions expressed in this Circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the Directors, nor have we conducted any form of independent in-depth investigation into business and affairs of the prospects of the Company, the Subscriber or any of their respective subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

A. SUBSCRIPTION

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Subscription Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Background of the Group and the Subscriber

The Group is engaged in the provision and operation of travel business, treasury management and precious metals trading.

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company. The Subscriber is principally engaged in investment holding.

Set out below is a summary of the Group's operating results and financial position extracted from the Company's latest published annual report and interim report:

	For the year ended		For the six months	
	31 December		ended 30 June	
	2013	2012	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue				
— Travel business	52,516	55,653	20,541	23,464
— Treasury management	—	—	—	—
— Precious metals trading	—	2,455	—	—
	<u>52,516</u>	<u>58,108</u>	<u>20,541</u>	<u>23,464</u>
Segment profit/(loss) for the year				
— Travel business	(22,391)	(20,859)	(11,875)	(12,342)
— Treasury management	28	7	12,302	—
— Precious metals trading	(24)	19	147	—
	<u>(22,387)</u>	<u>(20,833)</u>	<u>574</u>	<u>(12,342)</u>
Loss for the period attributable to owners of the Company	<u>(36,969)</u>	<u>(33,585)</u>	<u>(6,411)</u>	<u>(20,785)</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 December 2013

As shown in the above table, for the year ended 31 December 2013, the consolidated revenue of the Group amounted to HK\$52.52 million, representing a 9.62% decrease compared to HK\$58.11 million for the year ended 31 December 2012. Such decrease was mainly attributable to (i) the decrease in revenue from the travel business due to high competition environment; and (ii) the cease of the precious metals trading business during the fourth quarter of 2013. The Group recorded a loss of approximately HK\$36.97 million for the year ended 31 December 2013, representing a 10.08% increase in loss compared to the loss of approximately HK\$33.59 million for the year ended 31 December 2012. The loss for the year was mainly attributable to the high operating cost and impairment loss of goodwill.

For the six months ended 30 June 2014

As set out in the interim report of the Group for the six months ended 30 June 2014, the consolidated revenue of the Group amounted to HK\$20.54 million, representing 12.5% decrease compared to HK\$23.46 million for the last corresponding period. The decrease was due to the continuous volatile global financial and political conditions as well as environmental factors such as haze and possible virus outbreak which affected the sentiments of business and leisure travel.

On 15 November 2013, the Group, through its wholly-owned subsidiary, Wing Shing Loong Goldsmith & Refinery Co. Limited, entered into a conditional sale and purchase agreement with an independent third party to dispose of the unlisted equity shares of Hong Kong Precious Metals Exchange Limited and the membership license of The Chinese Gold & Silver Exchange Society (the “Society”) at a total consideration of HK\$12.70 million subject to the approval by the Society. The assets being disposed of were of the carrying amount of HK\$0.39 million (mainly including available-for-sale investments of HK\$0.14 million and other non-current asset of HK\$0.25 million which was classified as an asset held for sale as at 31 December 2013). The disposal transaction was completed on 18 February 2014 after obtaining the necessary approval, and a gain on disposal of HK\$12.31 million was resulted and recognized to profit or loss during the period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below summarizes the consolidated financial position of the Group as at 31 December 2012, 31 December 2013 and 30 June 2014.

	As at 30 June	As at 31 December	
	2014	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	114,367	125,675	152,165
Current assets	351,779	236,765	233,697
— Bank balances and cash	167,126	95,705	99,067
	<u>466,146</u>	<u>362,440</u>	<u>385,862</u>
Total assets			
Non-current liabilities	15,624	16,168	18,316
Current liabilities	103,942	69,981	46,691
	<u>119,566</u>	<u>86,149</u>	<u>65,007</u>
Total equity	<u>346,580</u>	<u>276,291</u>	<u>320,855</u>

As set out in the table above, the Group's audited consolidated net assets were approximately HK\$276.29 million and HK\$346.58 million as at 31 December 2013 and 30 June 2014 respectively. The bank balances and cash as at 31 December 2013 and 30 June 2014 are approximately HK\$95.71 million and HK\$167.13 million respectively. The increase in bank balances and cash of the Group was mainly due to the net proceed of approximately HK\$92.94 million from the fund raising activities conducted by the Group in the past 12 months as stated in the section under "FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS PRIOR TO THE LATEST PRACTICABLE DATE" in the letter from the Board.

2. The Subscription

Introduction

On 8 July 2014, the Subscriber entered into the Subscription Agreement with China Star, pursuant to which the Subscriber has conditionally agreed to subscribe and China Star has conditionally agreed to issue the 1,500,000,000 China Star Subscription Shares for a consideration of HK\$135.00 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(a) *Assets to be acquired*

1,500,000,000 China Star Subscription Shares represent approximately 10.39% of the issued share capital of China Star as at the date of the Subscription Agreement and approximately 9.41% of the issued share capital of China Star as enlarged by the China Star Subscription Shares.

(b) *Subscription Price and consideration*

Pursuant to the Subscription Agreement, the consideration of the Subscription shall be HK\$135.00 million for the 1,500,000,000 China Star Subscription Shares which is equivalent to HK\$0.09 per China Star Subscription Share. The China Star Subscription Shares, when allotted, issued and fully paid, will rank equally in all respects among themselves and with the China Star Shares in issue on the date of allotment and issue of the China Star Subscription Shares.

The consideration of the Subscription shall be settled by the Company in cash upon completion of the Subscription. The consideration of the Subscription will be funded by the internal resources of the Group and/or the Open Offer.

(c) *Conditions*

The completion of the Subscription is conditional upon:

- (i) the passing of the necessary resolution by the shareholders of China Star (other than those who are required to abstain from voting under the Listing Rules or other applicable laws and regulations) at the special general meeting of China Star to approve the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the China Star Subscription Shares;
- (ii) if necessary, the passing of the necessary resolution by the Shareholders (other than those who are required to abstain from voting under the GEM Listing Rules or other applicable laws and regulations) who are entitled to vote and not required to be abstained from voting under the GEM Listing Rules at the Subscription EGM to approve the Subscription Agreement and the transactions contemplated thereunder;
- (iii) the Listing Committee granting the listing of and permission to deal in the China Star Subscription Shares;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) (if so required) the Bermuda Monetary Authority granting permission for the allotment and issue of the China Star Subscription Shares by China Star;
- (v) the warranties under the Subscription Agreement remaining true and accurate in all material respects; and
- (vi) all necessary consents and approvals as may be required in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained by China Star and the Company.

In the event that the conditions precedent of the Subscription Agreement shall not have been fulfilled in full on or before 5:00 p.m. on 31 December 2014 (or such other date as the parties thereto may agree in writing), all rights, obligations and liabilities of the parties to the Subscription Agreement in relation to the Subscription shall cease and terminate and none of the parties shall have any claim against any other in respect of the Subscription save for any antecedent breaches of the Subscription Agreement.

As at the Latest Practicable Date, none of the above conditions of the Subscription Agreement is fulfilled.

(d) Completion

Completion of the Subscription shall take place at 4:00 p.m. on the date falling on the third business day after the fulfillment of the conditions precedent of the Subscription Agreement (or such other later date as may be agreed between parties to the Subscription Agreement).

3. Information of China Star

China Star is a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange under stock code: 326. China Star is an investment holding company and its subsidiaries are principally engaged in film production, distribution of film and television drama series, sales of health products, investing in operations which receive profit streams from the gaming promotion business, property and hotel investment, and property development.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the group's operating results and financial position extracted from China Star's latest published annual report:

	For the year ended	
	31 December	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue		
— Hotel and gaming service operations	1,240,253	1,316,553
— Gaming promotion operations	6,836	15,544
— Film distribution operations	641	683
— Property development operations	45	—
— Nam Pei Hong operations	156,854	132,199
	<u>1,404,629</u>	<u>1,464,979</u>
Segment profit/(loss) for the year		
— Hotel and gaming service operations	215,789	192,827
— Gaming promotion operations	(37,102)	(9,022)
— Film distribution operations	(4,673)	(1,630)
— Property development operations	(2,716)	(90)
— Nam Pei Hong operations	(2,680)	(968)
	<u>168,618</u>	<u>181,117</u>
Profit for the year attributable to		
— Owners of the company	93,817	53,360
— Non-controlling interests	(2,478)	41,166
	<u>91,339</u>	<u>94,526</u>

For the year ended 31 December 2013, China Star reported a 76% increase year-on-year in profit attributable to owners of the company to HK\$93.82 million. While turnover and net profit of the group reduced slightly by 4.12% and 3.37% to HK\$1.40 billion and HK\$91.34 million respectively that included a one-time impairment provision of HK\$4.75 million. Hotel Lan Kwai Fong Macau and Nam Pei Hong continued to be the core contributors to China Star's turnover that included HK\$1.24 billion or 88.30% of the turnover from hotel and gaming services operation, and HK\$0.16 billion or 11.17% of the turnover from the Nam Pei Hong operation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below summarizes the consolidated financial position of China Star as at 31 December 2012 and 2013.

	As at 31 December	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	1,176,855	1,140,776
Current assets	<u>1,442,718</u>	<u>1,639,830</u>
 Total assets	 <u><u>2,619,573</u></u>	 <u><u>2,780,606</u></u>
 Non-current liabilities	 731,138	 774,988
Current liabilities	<u>255,949</u>	<u>418,408</u>
	 <u><u>987,087</u></u>	 <u><u>1,193,396</u></u>
 Total equity attributable to		
— Owners of the Company	1,634,714	1,587,401
— Non-controlling interests	<u>(2,228)</u>	<u>(191)</u>
	 <u><u>1,632,486</u></u>	 <u><u>1,587,210</u></u>

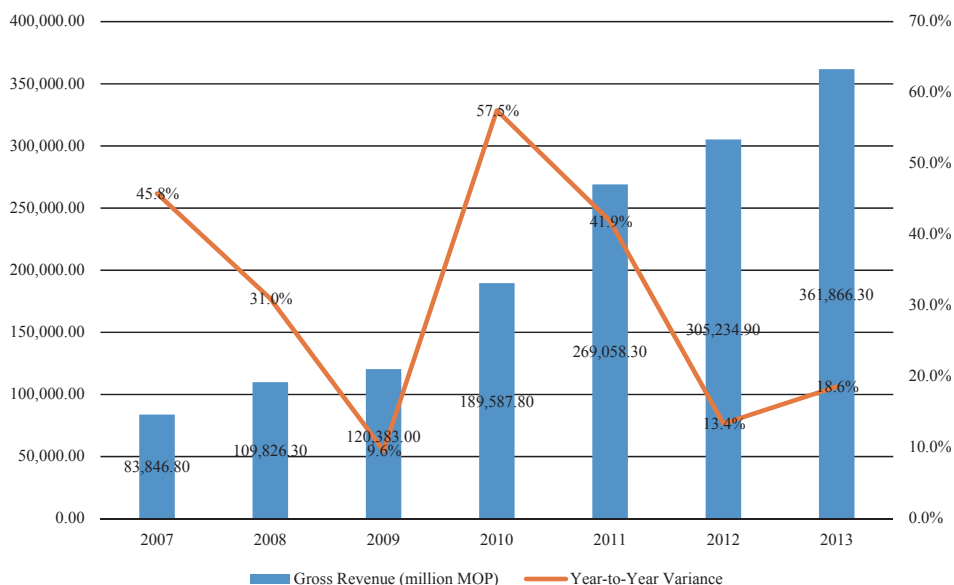
As set out in the table above, China Star's audited consolidated net assets were approximately HK\$1,632.49 million as at 31 December 2013.

Taking the net profit recorded by China Star for the two year ended 31 December 2012 and 2013 into account, we are of the view that China Star is able to achieve healthy and stable growth by enhancing profitability and diversifying its businesses progressively, which represent an opportunity for the Group to invest in the share of China Star.

4. Outlook of the gaming and hotel services businesses in Macau

(a) Gaming services

According to the statistical information released by the Statistics and Census Service of Macao Special Administrative Region (“Macau”), the chart below summarizes the annual gross revenue from the gaming services in Macau from 2007 to 2013.



As set out in the charts above, the annual gross revenue from the gaming services in Macau grew from MOP83,846.80 million (equivalent to approximately HK\$81,404.66 million) in 2007 to MOP361,866.30 million (equivalent to approximately HK\$351,326.50 million) in 2013, representing a compound annual growth rate (“CAGR”) of approximately 27.60%.

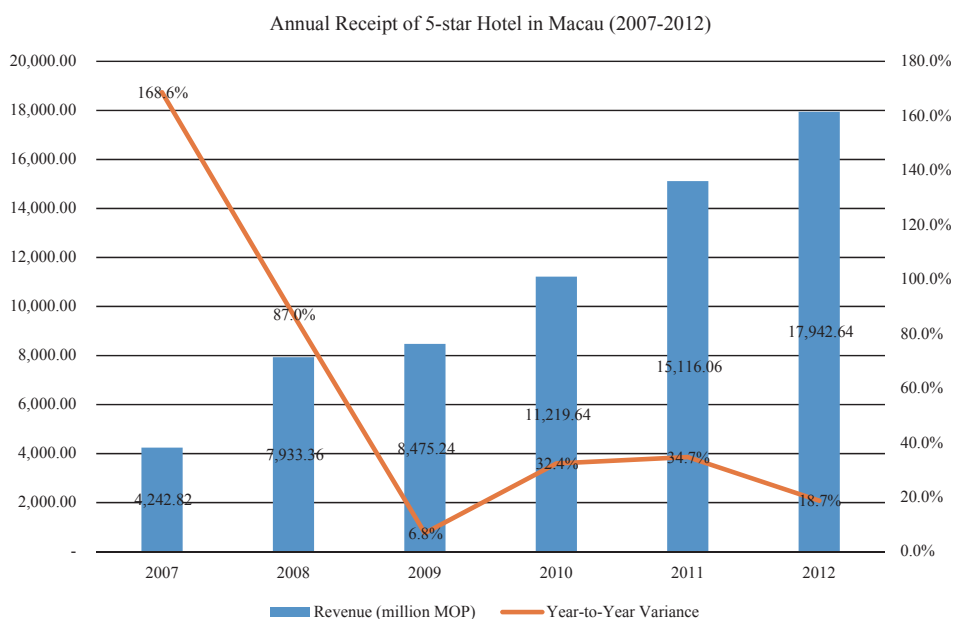
Meanwhile, in accordance with the report with title “Macau Gaming Sector”, it stated that, amongst others, Macau’s gaming section will continue to grow as (i) more Mainland Chinese travelers will visit Macau, thanks to growing travelling demand; and (ii) higher gross gaming revenue (“GGR”) per visitor, due to increasing affluence of the Mainland Chinese, especially considering that the Mainland Chinese likes gambling. It also projects Macau’s overall GGR to grow by 15.00% in each of 2014 and 2015.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) *Hotel services*

According to the statistical information released by the Statistics and Census Service of Macau, the annual receipt from the hotels, which ranked from 2-star to 5-star, in Macau grew from MOP6,687.47 million (equivalent to approximately HK\$6,492.69 million) in 2007 to MOP21,886.82 million (equivalent to approximately HK\$21,249.34 million) in 2012, representing a CAGR of approximately 26.76%.

The chart below summarizes the annual receipt from the 5-star hotels in Macau from 2007 to 2012.



As set out in the charts above, the annual receipt from the 5-star hotels in Macau grew from MOP4,242.82 million (equivalent to approximately HK\$4,119.24 million) in 2007 to MOP17,942.64 million (equivalent to approximately HK\$17,420.04 million) in 2012, representing a CAGR of approximately 33.43%.

Meanwhile, in accordance with the report with title “Travel & Tourism Economic Impact 2014”, it stated that, amongst others, the direct contribution of travel & tourism to the gross domestic product (“GDP”) of Macau in 2013 was MOP173,008.00 million (equivalent to approximately HK\$167,968.93 million), representing 43.10% of the GDP of Macau. This is forecast to rise by 6.80% to MOP184,742.00 million (equivalent to approximately HK\$179,361.17 million) in 2014. The direct contribution of travel & tourism to the GDP of Macau is expected to grow by 4.60% per annum to MOP289,829.00 million (equivalent to approximately HK\$281,387.38 million) by 2024, which representing approximately 45.80% of the GDP of Macau.

In view of the above factors, it is reasonable to conclude that the momentum of the tourist and gaming industries in Macau will continue to speed up. The gaming and hotel services businesses in Macau will still enjoy a substantial growth in the future and it would be an opportunity to invest in the gaming and hotel services businesses in Macau.

5. Reasons for and benefits of the Subscription

According to the interim report of the Company for the six months ended 30 June 2014, the Group will continue to look for suitable investment opportunities and projects in other areas characterized by stable cash inflows in order to maintain the Group’s sustainability and preservation of value over the longer term.

As stated in the section under “Information on China Star”, China Star recorded audited profit for the year attributable to the owners of China Star of approximately HK\$53.36 million and approximately HK\$93.82 million for the years ended 31 December 2012 and 31 December 2013 respectively. Based on the annual report of China Star for the year ended 31 December 2013, approximately 90% of the revenue of China Star was generated by the hotel and gaming service operations segment. The segment profit of hotel and gaming service operations for 2013 was approximately HK\$215.79 million, an 11.91% growth as compared to that in 2012. The gaming and hotel service operations in Hotel Lan Kwai Fong Macau is considered to be the core profit and cash contributor of China Star in the coming few years. As stated in the section under “Outlook of the gaming and hotel services businesses in Macau”, Macau will be able to continue its upward growth in gaming and hotel service businesses.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As such, the Subscription represents a suitable investment opportunity for the Group. Upon the completion of the Subscription, the Group will be benefited from the growth and profit of China Star, which will in turn benefit the Shareholders as a whole.

As advised by the management of China Star, China Star intends to use the net proceeds from the Subscription for investment in gaming/gaming-related business in Macau. Thus, the core profit and cash contributor of China Star will be able to further develop and expend by the consideration of the Subscription. The Group and the Shareholders will be benefited from the investment in China Star accordingly.

Having considered that (i) the Subscription represents an investment opportunity for the Group to invest in China Star which recorded audited profit in recent years; (ii) the net proceed from the Subscription will be used in developing the core profit and cash contributor of China Star and benefits the Group and the Shareholders accordingly; and (iii) the gaming and hotel services businesses in Macau would continue their thriving momentum based on the analytical information stated in the section under “Outlook of the gaming and hotel services businesses in Macau”, we concur with the view of the Directors that the Subscription will strengthen the investment portfolio of the Company and the Subscription Agreement represents an opportunity to the Company to participate in the future development of China Star.

6. Basis for the Subscription Price and consideration

Pursuant to the Subscription Agreement, the consideration of the Subscription shall be HK\$135.00 million for the 1,500,000,000 China Star Subscription Shares which is equivalent to HK\$0.09 per China Star Subscription Share.

The China Star Subscription Price of HK\$0.09 per China Star Subscription Share represents:

- (a) a discount of approximately 28.00% to the closing price of China Star Share of HK\$0.1250 per share as quoted on the Stock Exchange on 8 July 2014, being the date of the Subscription Agreement;
- (b) a discount of approximately 24.87% to the average closing price of China Star Share of HK\$0.1198 per share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 7 July 2014, being the last trading date before the date of the Subscription Agreement;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (c) a discount of approximately 24.05% to the average closing price of China Star Shares of HK\$0.1185 per share as quoted on the Stock Exchange for the ten consecutive trading days up to and including 7 July 2014, being the last trading date before the date of the Subscription Agreement.
- (d) a discount of approximately 25.62% to the closing price of China Star Shares of HK\$0.1210 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (e) a discount of approximately 18.18% to the net asset value per share of China Star of approximately HK\$0.1132 as at 31 December 2013 (calculated based on the equity attributable to owners of China Star of approximately HK\$1,634.71 million as at 31 December 2013 as per the annual report of China Star for the year ended 31 December 2013 and 14,439,687,348 China Star Shares in issue as at 8 July 2014, being the date of the Subscription Agreement).

The consideration of the Subscription was agreed between the Company and China Star after arm's length negotiations and on normal commercial terms.

In assessing the fairness and reasonable of the consideration of the Subscription of HK\$135.00 million, we have thus performed an analysis on the price-to-net assets value ratio (the "P/NAV" ratio) and the price-to-earnings ratio (the "P/E ratio) of comparable companies listed on the Stock Exchange, each method is an appropriate indicator in assessing financial performance of companies for comparable purposes. We notice that there are several listed issuers on the Main Board of the Stock Exchange which are engaged in different sections of gaming business in different region. In order to increase the comparability of our comparison, to the best of our knowledge, we have identified an exhaustive list of five listed issuers on the Main Board of the Stock Exchange (the "Peer Comparables"), based on the following criteria: having (i) similar principal activities as China Star including the provision of gaming and hotel services in Macau; and (ii) profit for the year attributable to owners of the company ranged from HK\$50.00 million to HK\$1.00 billion, based on their respective latest published annual reports. As such, we are of the view that the exhaustive list of the five Peer Comparables is sufficient and representative to form through the below comparison.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We set out below our review and analysis on the P/NAV and P/E ratio of the Peer Comparables:

Company Name	Stock Code	Market capitalization (HK\$'000) (Note 1)	Latest audited equity attributable to owners of the company (HK\$'000) (Note 2)	P/NAV ratio (approximately) (Note 3)	P/E ratio (approximately) (Note 4)	Latest audited net profit attributable to owner of the company (HK\$'000) (Note 5)	Gearing ratio (Note 6)	Principal business (Note 7)
Neptune Group Ltd.	70	817,075	1,838,235	0.44	2.83	288,300	64.02%	Receiving the profit streams from gaming and entertainment related business
Emperor Entertainment Hotel Ltd.	296	3,686,205	2,959,982	1.25	6.14	600,006	48.08%	Provision of entertainment and hospitality services in Macau
Amax International Holdings Ltd.	959	337,785	1,120,616	0.30	5.07	66,662	85.79%	Investment holding and investments in gaming and entertainment related business
Paradise Entertainment Ltd.	1180	6,149,812	1,147,786	5.36	63.58	96,733	77.43%	Development, supply and sales of electronic gaming systems and the provision of casino management services
Macau Legend Development Ltd.	1680	34,168,361	5,596,477	6.11	67.01	509,879	71.63%	Provision of Gaming Services to SJM in two major casinos on The Group's properties, namely Pharaoh's Palace Casino in The Landmark Macau and Babylon Casino at Macau Fisherman's Wharf Operation of the hotels, entertainment and leisure facilities within The Group's properties
Average		9,031,847.63	2,532,619	2.69	28.93	312,316	69.39%	
Maximum		34,168,361.20	5,596,477	6.11	67.01	600,006	85.79%	
Minimum		337,784.52	1,120,616	0.30	2.83	66,662	48.08%	
The Subscription (upon completion of the Subscription)		1,939,961 (Note 8)	1,769,714 (Note 9)	0.81 (Note 10)	15.29 (Note 11)	93,817	64.25%	Film production, distribution of film and television drama series, sales of Chinese health products, investing in operations which receive profit streams from the gaming promotion business, property and hotel investment, and property development

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

- (1) Market capitalization is calculated as the closing price multiplied by the number of shares outstanding as at the date of the Subscription Agreement on 8 July 2014.
- (2) With reference to the latest available audited equity attributable to owners of the respective company.
- (3) P/NAV ratio is calculated as the market capitalization of the company as at the date of the Subscription Agreement on 8 July 2014 divided by the latest audited equity attributable to owners of the company
- (4) P/E ratio is calculated as the market capitalization of the company as at the date of the Subscription Agreement on 8 July 2014 divided by the latest available audited consolidated annual net profits attributable to the owners of the company.
- (5) With reference to the latest available audited net profit attributable to owner of the company.
- (6) Gearing ratio is calculated as the latest available audited consolidated net asset value attributable to the owners of the company divided by the latest available consolidated audited total assets.
- (7) The principal businesses of the Peer Comparables are based on their respective latest published annual report.
- (8) The pro forma market capitalization of China Star upon Completion is calculated as the market capitalization of China Star as at the date of the Subscription Agreement on 8 July 2014 plus the China Star Subscription Shares.
- (9) The pro forma equity attributable to owners of China Star upon Completion is calculated as the latest audited equity attributable to owners of China Star based on its latest annual report plus the proceed from the consideration of the Subscription (i.e. HK\$135.00 million).
- (10) P/NAV ratio is calculated as the consideration of the Subscription (i.e. HK\$135.00 million) divided by the portion of the issued share capital of China Star as enlarged by the China Star Subscription Shares (i.e. 9.41%) then divided by the equity attributable to owners of China Star upon Completion.
- (11) P/E ratio is calculated as the consideration of the Subscription (i.e. HK\$135.00 million) divided by the portion of the issued share capital of China Star as enlarged by the China Star Subscription Shares (i.e. 9.41%) then divided by the latest audited net profit attributable to owner of China Star.

As set out in the table above, the P/NAV ratio of the Peer Comparables ranges from approximately 0.30 times to 6.11 times with an average of 2.69 times. The P/E ratio of the Peer Comparables ranges from approximately 2.83 times to 67.01 times with an average of 28.93 times. The P/NAV and P/E ratio of the Subscription is 0.81 times and 15.29 times respectively. As such, it falls within the range of the Peer Comparables.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above comparison, and having considered that:

- (i) the subscription price of the China Star Subscription Share represents a discount of the current market price of the shares of China Star;
- (ii) the P/NAV and P/E ratio of the Subscription falls within the range of the Peer Comparables;
- (iii) China Star recorded a profit for the year ended 31 December 2012 and 2013; and
- (iv) the future prospect of the gaming and hotel services businesses as stated in the section under “Outlook of the gaming and hotel services businesses in Macau”,

we concur with the view of the Directors that the terms of the Subscription, inter alia, the consideration of the Subscription, are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

7. Financial Effect of the Subscription

After completion of the Subscription, the Company will be interested in approximately 9.41% of the entire issued share capital of China Star as enlarged by the China Star Subscription Shares. The investment in China Star Subscription Shares will be treated as available-for-sale investment.

The Directors consider that the investment in China Star Subscription Shares, which will be treated as available-for-sale investment, will be subject to normal market risks relating to any fluctuation of the price of the China Star Subscription Shares (which may depend on a number of factors including but not limited to the market sentiment, the overall economic environment and the financial performance of the China Star Group in the future), and unrealized or realized loss/profit might be recorded in the accounts of the Group from time to time accordingly.

B. OPEN OFFER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Open Offer Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Reasons for the Open Offer and use of proceeds

Pursuant to the Subscription Agreement, the Company will satisfy the consideration of the Subscription of HK\$135.90 million in cash upon completion of the Subscription. The gross proceeds from the Open Offer is approximately HK\$152.90 million. The net proceeds from the Open Offer (after deducting estimated expenses of approximately HK\$6.30 million) is estimated to be approximately HK\$146.60 million. The net proceeds from the Open Offer are intended to be applied (i) as to approximately HK\$135.90 million for the Subscription; and (ii) as to remaining balance, if any, to fund future expansion of the Group's businesses and/or for general working capital of the Group.

With reference to the section under "FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS PRIOR TO THE LATEST PRACTICABLE DATE" in the letter from the Board, the Company had conducted three fund raising activities in the past 12 months prior to the Latest Practicable Date. The total net proceeds from the three fund raising activities amounted to approximately HK\$92.94 million, amongst which (i) approximately HK\$24.14 million is intended for general working capital requirements and future potential investment opportunities; (ii) approximately HK\$50.09 million is intended for acquisition of office premise of the Company or future potential investment opportunities; and (iii) approximately HK\$18.71 million is intended for general working capital requirements.

We notice that the total net proceeds from the fund raising activities in the past 12 months prior to the Latest Practicable Date have not been fully utilized as at the Latest Practicable Date. As such, we have enquired the Directors about their planning of the utilization of the remaining proceeds from those fund raising activities. The Directors confirmed that (i) they are in the course of identifying suitable office premise to acquire; (ii) the Company is in preliminary discussion with Mr. Mung for the Possible Acquisition (involving certain listed securities currently held by Mr. Mung); and (iii) the Company needs to maintain sufficient level of working capital for the daily operation of the Company. The above plans are in line with the initial intention of the respective fund raising activities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the interim results of the Company for the six months ended 30 June 2014, the bank balances and cash amounted to approximately HK\$167.13 million as at 30 June 2014. Although the internal resources of the Company is enough to fulfill the consideration of the Subscription (i.e. HK\$135.00 million), it would consume over 80% of the bank balances and cash of the Company. It would result in substantially decrease in working capital, liquidity and the financial flexibilities of the Company, as well as disrupting the planning of the possible acquisition and acquiring office premise of the Company. Based on the above factors, we concur with the Directors' view that, without disrupting the financial flexibilities and the existing plans of the Company, conducting fund raising through the Open Offer to settle the consideration of the Subscription would be fair and reasonable.

2. Principal terms of the Open Offer

Basis of the Open Offer

The Company proposes to raise approximately HK\$152.91 million, before expenses, by way of the Open Offer at the Open Offer Subscription Price of HK\$0.30 per Offer Share on the basis of two (2) Offer Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date and payable in full on acceptance.

The Offer Shares, when allotted and fully-paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares in their fully-paid form.

Subscription Price

The Open Offer Subscription Price is HK\$0.30 per Offer Share, payable in full upon application. The Open Offer Subscription Price of HK\$0.30 represents:

- (i) a discount of approximately 62.50% to the closing price of HK\$0.800 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 35.76% to the theoretical ex-entitlement price of HK\$0.467 based on the closing price of HK\$0.800 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

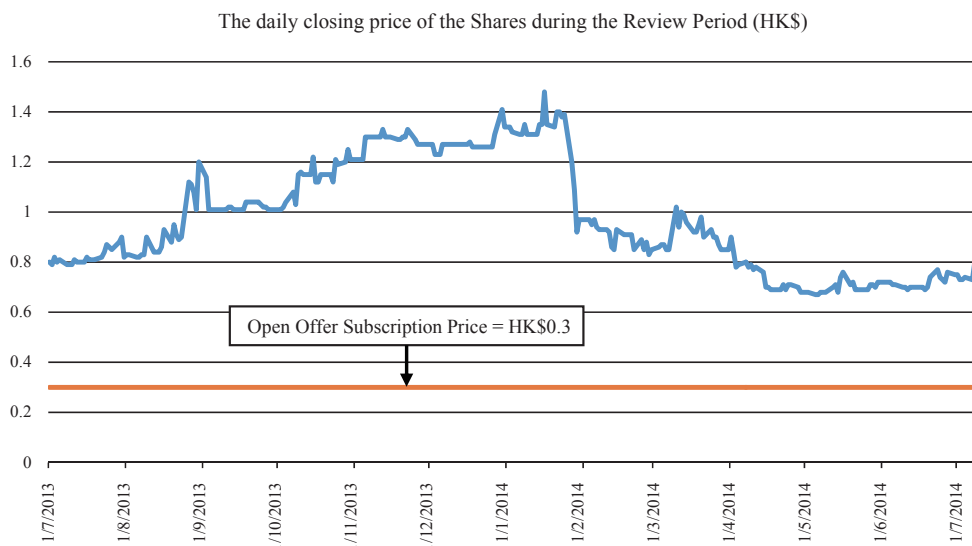
- (iii) a discount of approximately 59.24% to the average closing price of approximately HK\$0.736 per Share for the last five consecutive trading days immediately prior to the Last Trading Day;
- (iv) a discount of approximately 59.46% to the average closing price of approximately HK\$0.740 per Share for the last ten consecutive trading days immediately prior to the Last Trading Day;
- (v) a discount of approximately 29.41% to the closing price of approximately HK\$0.425 per Share on the Latest Practicable Date; and
- (vi) a discount of approximately 77.94% to the net asset value per share of the Company of approximately HK\$1.360 as at 30 June 2014 (calculated based on the equity attributable to owners of the Company of approximately HK\$346.58 million as at 30 June 2014 as per the interim report of the Company for the six months ended 30 June 2014 and 254,857,450 Shares in issue as at the Latest Practicable Date).

The Open Offer Subscription Price was determined after arm's length negotiations between the Company and Kingston Securities with reference to, among others, the prevailing market price of the Shares. The Directors consider that the Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date and the terms of the Open Offer, including the Open Offer Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to share in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. After deducting relevant expenses relating to the Open Offer, the net price per Offer Share will be approximately HK\$0.287.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(a) *Historical closing price*

Set out below is the movements in the closing price of the Shares during the period from 1 July 2013, being the 12 months period prior to the date of the Underwriting Agreement, up to and including the Last Trading Day (the “Review Period”):



The highest closing price and the lowest closing price of the Shares were HK\$1.48 on 16 January 2014 and HK\$0.67 on 5 May and 6 May 2014 respectively. The Open Offer Subscription Price represents discounts of approximately 79.73% and approximately 55.22% respectively to such highest and lowest closing prices of the Shares during the Review Period.

(b) *Comparison with recent open offers and rights issues*

In assessing the reasonableness of the terms of the Open Offer, we have based on the information available from the Stock Exchange’s website, identified an exhaustive list of 19 open offers/rights issues announced by companies listed on the Stock Exchange since 1 July 2013 to 8 July 2014, being in the 12-month period preceding the Last Trading Day (the “Comparables”). As both open offer and right issue provides all shareholders an equal opportunity to participate in the enlargement of the capital base of the listed issuers and at the same time allow them to maintain their proportionate interest in the listed issuers, we are of the view that taking both open offer and rights issue cases into account would be reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the purpose of our analysis, the basis of our selection of the Comparables is as follows: (i) open offers/rights issues which increased the issue share capital of the Comparables by more than 50%; and (ii) bonus issues or warrants were not involved in the open offers/rights issues. We consider that the selection of 12-month period to be sufficient and appropriate for our analysis as it has covered the prevailing market conditions and sentiments in the Hong Kong stock market at the time which the terms of the Open Offer were determined. Taking into account that (i) the terms of the Comparables are determined under similar market conditions and sentiments as the Open Offer, we consider that the Comparables may reflect the recent market trend of the open offer/rights issue transactions; and (ii) we observed that open offers/rights issues which increased the issued share capital of the Comparables by more than 50% (which is also the case of the Open Offer) would usually offer a deeper discount to the prevailing market price in order to increase the attractiveness of the relevant open offers/rights issues to induce the existing shareholders to make subscriptions and thus we consider the Comparables are fair and representative samples for comparison. Shareholders should note that the purpose of the Comparables is to provide a general reference for recent market trend of open offer/rights issue exercises regardless of their respective businesses, scale of operations, track record, asset base, future prospects, shares trading liquidities, proposed use of proceeds and market capitalization. Details of our findings on the Comparables are summarized in the table below.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparable	Stock Code	Date of announcement	Basis of entitlement	Discount of subscription price to the closing price on the last trading day/ prior to the release of relevant announcement (%)	Discount of subscription price to the theoretical ex-rights/ ex-entitlement price (%)	Maximum dilution effect on shareholding (%)	Underwriting commission (%)	Open offer ("OO")/ rights issue ("RI")	Excess application (Y/N)
U-Right International Holdings Limited	627	2013-07-09	5 for 1	89.3	58.1	83.3	2.50	OO	N
Hao Wen Holdings Limited	8019	2013-07-11	8 for 1	61.5	15.1	88.9	3.00	OO	Y
China Environmental Resources Group Limited	1130	2013-08-15	33 for 10	50.0	18.9	76.7	2.50	OO	N
Mitsumaru East Kit (Holdings) Limited	2358	2013-08-28	6 for 1	89.0	54.5	85.7	2.50	OO	N
Fava International Holdings Limited	8108	2013-09-17	4 for 1	66.1	28.1	80	3.50	OO	Y
Easyknit Enterprises Holdings Limited	616	2013-10-03	5 for 1	76.6	35.3	83.3	1.00	RI	Y
Perception Digital Holdings Limited	1822	2013-11-14	6 for 5	73.7	56.0	54.5	2.50	OO	N
National Investments Fund Limited	1227	2013-11-18	3 for 1	71.4	38.5	75.0	5.00	RI	Y
Unlimited Creativity Holdings Limited	8079	2013-11-22	4 for 1	65.5	27.5	80.0	1.50 & 2.50	OO	N
China Information Technology Development Limited	8178	2013-11-28	2 for 1	36.0	15.8	66.7	(Note 2) 1.25	OO	N
See Corporation Limited	491	2014-01-03	9 for 1	76.5	24.6	90.0	3.00	RI	Y
Solartech International Holdings Limited	1166	2014-01-21	5 for 1	66.7	25.0	83.3	2.50	OO	N
Oriental Unicorn Agricultural Group Limited	8120	2014-03-03	13 for 2	57.3	15.2	86.7	3.50	RI	Y
Merdeka Mobile Group Limited	8163	2014-04-11	4 for 1	75.2	37.7	80.0	3.50	RI	N
Inno-Tech Holdings Limited	8202	2014-04-25	25 for 1	90.3	26.4	96.2	3.00	OO	N
National Arts Entertainment and Culture Group Limited	8228	2014-05-02	6 for 1	70.2	25.1	85.7	2.50	RI	Y
eForce Holdings Limited	943	2014-05-22	16 for 1	80.4	19.4	94.1	3.00	RI	Y
Vision Fame International Holding Limited	1315	2014-06-19	1 for 1	20.0	11.1	50.0	1.00	RI	N
Celebrate International Holdings Limited	8212	2014-06-30	8 for 1	80.0	30.8	88.9	3.00	OO	Y
	Max			90.30	58.10	96.20	5.00		
	Min			20.00	11.10	50.00	1.00		
	Average			68.19	29.64	80.47	2.71		
	Median			71.40	26.40	83.30	2.75		
	The Company		2 for 1	62.50	35.76	66.67	3.50	OO	Y

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes

- (1) Maximum dilution effect of each open offer/rights issue is calculated as: (number of offer/rights shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the offer/rights shares under the basis of entitlement + number of offer/rights shares), e.g. for open offer with basis of 4 offer shares for every existing share held, the maximum dilution effect is calculated as $4/(1+4) = 80\%$.
- (2) There were two underwriters for the open offer conducted by this Comparable. The rates of underwriting commission to the two underwriters were 1.5% and 2.5% respectively.

As indicated in the above table, subscription prices of the Comparables were set at discount to their respective closing price per share on the last trading day on/prior to the date of release of the relevant announcements, ranging from a discount of approximately 20.00% to a discount of approximately 90.30%, with an average discount of approximately 68.19% and a medium discount of approximately 71.40%. The Open Offer Subscription Price represents a discount of approximately 62.50% to the closing price of HK\$0.800 per Share as quoted on the Stock Exchange on the Last Trading Day, which falls within the range of the Comparables and below the medium discount and average discount of the Comparables. The discounts to the respective theoretical entitlement prices per share of the Comparables ranged from a discount of approximately 11.10% to a discount of approximately 58.10%, with an average discount of approximately 29.64% and a medium discount of approximately 26.40%. The Subscription Price represents a discount of approximately 35.76% to the theoretical ex— entitlement price of HK\$0.467 based on the closing price of HK\$0.800 per Share as quoted on the Stock Exchange on the Last Trading Day, which also falls within the range of the Comparables but was greater than the medium discount and average discount of the Comparables.

Despite the respective range of discounts of the Comparables are wide, having taken into account that (i) it is common for listed issuers in Hong Kong to issue open offer at a discount to the market price of the shares in order to enhance the attractiveness of an open offer transaction and encourage subscription by shareholders; (ii) the discount as represented by the Open Offer Subscription Price to the closing price per Share on the Last Trading Day falls within the range of the Comparables; (iii) the discount as represented by the Open Offer Subscription Price to the theoretical ex-entitlement price per Share on the Last Trading Day falls within the range of the Comparables; (iv) the Open Offer give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group; and (v) the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

net proceed from the Open Offer shall be used to satisfy the consideration of the Subscription which is in the interests of the Shareholders as a whole, we consider that the Open Offer Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

Underwriting Commission

The Company will pay Kingston Securities an underwriting commission of 3.50% of the aggregate Open Offer Subscription Price in respect of the maximum number of the Underwritten Shares. As set out in the Board Letter, the Directors considers the terms of the Underwriting Agreement including the commission rate accord with the market practice and are fair and reasonable so far as the Company and the Shareholders are concerned. We noted that the underwriting commission under the Underwriter Agreement is above the mean of the range of the underwriting commissions of the Comparables, however, in view that the underwriting commission of 3.50% falls within the range of the underwriting commissions of the Comparables, we consider the underwriting commission of 3.50% is fair and reasonable as far as the Independent Shareholders are concerned.

Excess application for the Open Offer Shares

As set out in the letter from the Board, considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional time and effort, in particular those in handling application for excess Offer Shares by parties who have made application for excess Offer Shares with a view of abusing such mechanism, to administer the excess application procedures. Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by Kingston Securities.

We consider that the absence of the excess application arrangement may not be desirable from the point of view of those Qualifying Shareholders who wish to take up additional Offer Shares in excess of their assured entitlements. However, we consider that the aforesaid should be balanced against the fact that (i) the terms of the Open Offer are structured with an intention to encourage all the Qualifying Shareholders to take up their respective assured allotment of the Offer Shares as the Subscription Price is set at a discount to the prevailing market price of the Shares which provides reasonable incentives to all the Qualifying Shareholders to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

participate in the Open Offer; (ii) the Qualifying Shareholders have the first right to decide whether to accept the Open Offer; and (iii) the absence of excess application would lower the administrative costs of the Open Offer to the Company. As such, it is reasonable to expect that the majority of the Qualifying Shareholders who are positive about the prospects of the Company will apply for the Offer Shares and the Offer Shares available for excess application will be minimal. The absence of excess application arrangement therefore may not be considered material to the Qualifying Shareholders.

In view of the above and the absence of the excess application arrangement is not uncommon in the market, we concur with the view of the Directors that the absence of excess application to Qualifying Shareholders and the unsubscribed Offer Shares to be taken up by Kingston Securities and/or subscribers procured by it at the Open Offer Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Risks associated with the Open Offer

Shareholders and potential investors should note that the Open Offer is conditional, inter alia, upon the fulfilment of the conditions set out in the section headed “Conditions of the Open Offer” in the letter from the Board. In particular, the Open Offer is conditional upon, among others, the approval of the Open Offer by the Open Offer Independent Shareholders at the EGM. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

3. Potential dilution effect of the Open Offer on the shareholding interests

All Qualifying Shareholders are entitled to subscribe the Offer Shares. For those Qualifying Shareholders who take up their entitlements in full under the Open Offer, their proportional shareholding interests in the Company will remain unchanged after the Open Offer. Any Qualifying Shareholders who choose not to take up in full their assured entitlement under the Open Offer will have their shareholdings in the Company diluted by up to a maximum of approximately 66.67%. The possible dilution effect of the Open Offer on shareholding interests is set out in the section headed “CHANGES IN SHAREHOLDINGS STRUCTURE OF THE COMPANY” in the letter from the Board. As in all other rights issues/open offers, the dilution on the shareholding of Non-Qualifying Shareholders (if any) and those Qualifying Shareholders who do not take up in full their assured entitlement under the Open Offer is inevitable. The dilution magnitude of any rights issues/open offers depends mainly on the extent of the basis of entitlement under such exercise, where the higher the offering ratio of rights shares/offer shares to existing shares is, the greater the dilution on the existing shareholding would be. The possible maximum dilution for rights issues/open offers at the ratio of 2 for 1 is approximately 66.67%.

Having considered that:

- (i) the net proceed from the Open Offer will be used to settle the consideration of the Subscription which is in the interests of the Company and the Shareholders;
- (ii) the Open Offer are on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company and have their choice to decide whether to accept the Open Offer or not;
- (iii) it is common for the listed issuers in Hong Kong to issue offer shares at a discount to the market price in order to enhance the attractiveness of an open offer transaction and the Open Offer Subscription Price is lower than the market price of the Shares as at the Last Trading Day is in line with general practice in the market;
- (iv) the discount as represented by the Open Offer Subscription Price to the closing price per Share on the Last Trading Day and the discount as represented by the Open Offer Subscription Price to the theoretical ex-entitlement price per Share on the Last Trading Day, both fall within the range of the Comparables;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (v) the maximum dilution effect of the Open Offer fall within the range of the maximum dilution effect of the Comparables;

we are of the view that such potential dilution to the shareholding interests of the Shareholders, which may only happen to the Non-Qualifying Shareholders (if any) and the Qualifying Shareholders who decide not to accept their assured entitlements in full, as a result of the Open Offer is justifiable.

RECOMMENDATION

Having considered the above mentioned principal factors and reasons and in particular that,

- China Star recorded audited profit in recent years and the net proceed from the Subscription will be used in developing the core profit and cash contributor of China Star;
- the Subscription presents an opportunity for the Group to invest in the business of gaming and hotel services in Macau, which is a growing industries with good prospects;
- the subscription price of the China Star Subscription Share represents a discount of the current market price of the shares of China Star and the P/NAV and P/E ratio of the Subscription falls within the range of the Peer Comparables;
- the Open Offer provides an alternative for the Group to settle the consideration of the Subscription which will not affect its existing working capital;
- the discount as represented by the Open Offer Subscription Price to the closing price per Share and the theoretical ex-entitlement price per Share on the Last Trading Day falls within the range of the Comparables; and
- the maximum dilution effect of the Open Offer fall within the range of the maximum dilution effect of the Comparables;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that the terms and conditions of the Subscription and the Open Offer have been entered into are (i) on normal commercial terms; (ii) in the ordinary and usual course of business of the Group; (iii) fair and reasonable as far as the Independent Shareholders are concerned; and (iv) in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Subscription Independent Shareholders, the Open Offer Independent Shareholders, and the Independent Board Committee to recommend the Subscription Independent Shareholders and the Open Offer Independent Shareholders, to vote in favor of the ordinary resolution to be proposed at the Subscription EGM and the Open Offer EGM to approve the Subscription and the Open Offer respectively.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Vily Leung
Director

1. FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP INCORPORATED BY REFERENCE

The audited consolidated financial statements, including the notes thereto, and the management discussion and analysis of the Group for each of the three years ended 31 December 2011, 31 December 2012 and 31 December 2013, have been disclosed in the following annual reports of the Company which are available on the Company's website at www.wellwaygp.com and the website of the Stock Exchange at www.hkexnews.hk:

- the annual report of the Company for the year ended 31 December 2011 (pages 4 to 7 and 22 to 72) published on 27 March 2012;
- the annual report of the Company for the year ended 31 December 2012 (pages 4 to 6 and 29 to 78) published on 27 March 2013; and
- the annual report of the Company for the year ended 31 December 2013 (pages 4 to 7 and 25 to 74) published on 27 March 2014.

2. INDEBTEDNESS STATEMENT

Borrowings

At the close of business on 31 July 2014, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group did not have any outstanding secured or unsecured bank borrowings.

Mortgages and Charges

As at 31 July 2014, trade receivables amounting to Singapore Dollar (“S\$”) 24,795,000 (equivalent to approximately HK\$154,415,000) were pledged to a bank by way of a floating charge, and short-term bank deposits of approximately S\$4,000,000 (equivalent to approximately HK\$24,911,000) were pledged to the bank by way of a fixed charge, both for performance guarantees granted by the bank to a subsidiary of the Company amounting to approximately S\$6,500,000 (equivalent to approximately HK\$40,480,000) of which the amounts utilised as at 31 July 2014 were approximately S\$3,880,000 (equivalent to approximately HK\$24,167,000). The performance guarantees were given in favour to international airlines.

Save as disclosed above and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantee or other material contingent liabilities at the close of business on 31 July 2014.

3. WORKING CAPITAL SUFFICIENT STATEMENT

The Directors, after due and careful consideration, are of the opinion that after taking into account the present internal resources, presently available bank performance guarantees granted to the Group and the cash outflow of the Subscription, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular, in the absence of any unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up, as at the Latest Practicable Date.

5. BUSINESSES ACQUIRED AFTER 31 DECEMBER 2013

No business was acquired by the Group after 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Group was made up.

**FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS
OF THE CHINA STAR GROUP INCORPORATED BY REFERENCE**

The audited consolidated financial statements, including the notes thereto, for each of the three years ended 31 December 2011, 31 December 2012 and 31 December 2013, the unaudited consolidated financial statements, including the notes thereto, for the six months ended 30 June 2014, and the relevant management discussion and analysis of the China Star Group, have been disclosed in the following annual reports and interim results announcement of China Star which are available on China Star's website at www.chinastar.com.hk and the website of the Stock Exchange at www.hkexnews.hk:

- the annual report of China Star for the year ended 31 December 2011 (pages 10 to 23 and 50 to 214) published on 30 April 2012;
- the annual report of China Star for the year ended 31 December 2012 (pages 9 to 23 and 55 to 218) published on 29 April 2013;
- the annual report of China Star for the year ended 31 December 2013 (pages 7 to 22 and 51 to 242) published on 29 April 2014; and
- the interim results announcement of China Star for the six months ended 30 June 2014 published on 28 August 2014.

**APPENDIX III PRO FORMA FINANCIAL INFORMATION OF THE GROUP
IN RELATION TO THE SUBSCRIPTION**

SUBSCRIPTION OF SHARES OF CHINA STAR ENTERTAINMENT LIMITED

PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

The following is an illustrative and pro forma statement of assets and liabilities of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the proposed subscription of shares of China Star Entertainment Limited (“China Star Shares”) (the “Subscription”) as if the Subscription had taken place and settled on 30 June 2014.

This pro forma statement of assets and liabilities of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Subscription been completed as at 30 June 2014 or at any future date.

	The Group as at 30 June 2014	Pro forma adjustment	Pro forma total for the Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)		(Unaudited)
	<i>(Note 1)</i>	<i>(Note 2)</i>	
Non-current assets			
Property, plant and equipment	6,132	—	6,132
Intangible assets	91,902	—	91,902
Available-for-sale investments	—	135,000	135,000
Interest in a joint venture	16,333	—	16,333
	<u>114,367</u>	<u>135,000</u>	<u>249,367</u>
Current assets			
Trade and other receivables	184,653	—	184,653
Bank balances and cash	167,126	(135,962)	31,164
	<u>351,779</u>	<u>—</u>	<u>215,817</u>

**APPENDIX III PRO FORMA FINANCIAL INFORMATION OF THE GROUP
IN RELATION TO THE SUBSCRIPTION**

	The Group as at 30 June 2014	Pro forma adjustment	Pro forma total for the Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)		(Unaudited)
	<i>(Note 1)</i>	<i>(Note 2)</i>	
Current liabilities			
Trade and other payables	101,985	—	101,985
Tax payable	1,957	—	1,957
	103,942	—	103,942
Net current assets	247,837	(135,962)	111,875
Total assets less current liabilities	362,204	(962)	361,242
Non-current liabilities			
Deferred tax liabilities	15,624	—	15,624
	15,624	—	15,624
Net assets	346,580	(962)	345,618

Notes:

1. The figures are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2014, as set out in the published interim report of the Company for the six months ended 30 June 2014.
2. The adjustment represents the subscription of 1,500,000,000 China Star Shares (representing approximately 9.41% of the enlarged issued share capital of China Star Entertainment Limited) at HK\$0.09 per China Star Share for total cash consideration of HK\$135,000,000 pursuant to the subscription agreement, as if the Subscription had been completed on 30 June 2014. Directly attributable expenses of HK\$962,000 are assumed to be incurred in relation to the Subscription. For pro forma purposes, it is further assumed that the fair value of the China Star Share as at the assumed subscription date is the subscription price of HK\$0.09.

Since the directors considered that the Group cannot exercise significant influence on the financial and operating policies on the investee, and accordingly it is classified as an available-for-sale (“AFS”) investment. Subsequent fair value changes of the AFS investment are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

3. On the same day of entering the subscription agreement for the Subscription, the Group also proposed an open offer of not less than 449,754,900 and not more than 509,714,900 offer shares of par value of HK\$0.01 each at the subscription price of HK\$0.30 per offer share (the “Open Offer”) on the basis of two offer shares for every one share held on the record date. As at the Latest Practicable Date, 29,980,000 placing shares were fully placed on 30 July 2014 under a general mandate and after the placement of these placing shares the Company had 254,857,450 shares in issue. Hence, the number of Offer Shares assumed to be allotted and issued under the Open Offer is 509,714,900 Offer Shares.

The estimated net proceed of the Open Offer based on the assumed 509,714,900 Offer Shares is HK\$146,600,000 after deducting the directly attributable expenses of HK\$6,314,000, which is expected to be received on 31 October 2014, being the latest time for acceptance and payment for the offer shares.

Assuming the estimated net proceeds of the Open Offer was received, as at 30 June 2014, the Group’s pro forma bank balances and cash would be HK\$177,764,000 and the pro forma net assets of the Group would be HK\$492,218,000.

The Open Offer is conditional upon, among other things, the passing of necessary shareholders resolutions at the extraordinary general meeting(s) of the Company to approve the Open Offer and the Subscription. The Subscription is however not conditional upon the passing of necessary resolutions to approve the Open Offer at the Company’s extraordinary general meeting. In the event that the approval of the Subscription cannot be obtained by the Company from the shareholders, the Open Offer will lapse.

4. No adjustments have been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2014.

**APPENDIX III PRO FORMA FINANCIAL INFORMATION OF THE GROUP
IN RELATION TO THE SUBSCRIPTION**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

TO THE DIRECTORS OF WELL WAY GROUP LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Well Way Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma statement of assets and liabilities of the Group as at 30 June 2014 and related notes as set out on pages 86 to 88 of the circular issued by the Company dated 12 September 2014 (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages 86 to 88 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed subscription of shares of China Star Entertainment Limited (the “Subscription”) on the Group’s financial position at 30 June 2014 as if the Subscription had taken place and settled on 30 June 2014. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2014, on which an interim report has been published.

Directors’ Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 7.31(7) of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant’s judgment, having regard to the reporting accountant’s understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

**APPENDIX III PRO FORMA FINANCIAL INFORMATION OF THE GROUP
IN RELATION TO THE SUBSCRIPTION**

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 7.31(7) of the GEM Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

12 September 2014

OPEN OFFER OF 509,714,900 OFFER SHARES

PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared by the directors of the Company in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited to illustrate the effect of the Open Offer on the unaudited consolidated net tangible assets of the Group as if the Open Offer had taken place on 30 June 2014.

The pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the unaudited net assets of the Group attributable to owners of the Company as at 30 June 2014, as extracted from the published interim report of the Company for the year six months ended 30 June 2014 and is adjusted for the effect of the Open Offer.

The pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Open Offer.

	Unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 June 2014 <i>(Note 1)</i> HK\$'000	Less: Goodwill, intangible assets and deferred tax liabilities <i>(Note 2)</i> HK\$'000	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2014 HK\$'000	Net effect on the proposed subscription <i>(Note 3)</i> HK\$'000	Estimated net proceeds from the Open Offer <i>(Note 4)</i> HK\$'000	Pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the Open Offer per Adjusted Share <i>(Note 5)</i> HK\$0.566
Based on 509,714,900 Offer Shares to be issued at Subscription Price of HK\$0.30 per Offer Share	346,580	(76,278)	270,302	(962)	146,600	415,940

Notes:

1. The unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 June 2014 was approximately HK\$346,580,000 as disclosed in the published interim report of the Company for the six months ended 30 June 2014.
2. The amount of HK\$76,278,000 represented approximately intangible assets of HK\$91,902,000 and net off against the related deferred tax liabilities of HK\$15,624,000 arising from the acquisition of subsidiaries, as extracted from the published interim report of the Company for the six months ended 30 June 2014.
3. The Open Offer is conditional upon, among other things, the passing of necessary shareholders resolutions at the extraordinary general meeting(s) of the Company to approve the Open Offer and the proposed subscription of the shares of China Star Entertainment Limited (“China Star”) (the “Subscription”). In the event that the approval of the Subscription cannot be obtained by the Company from the shareholders, the Open Offer will lapse.

The adjustment represents the subscription of 1,500,000,000 China Star Shares (representing approximately 9.41% of the enlarged issued share capital of China Star) at HK\$0.09 per share of China Star for total cash consideration of HK\$135,000,000 pursuant to the subscription agreement, and the incurrence of directly attributable expenses of HK\$962,000 relating to the Subscription, as if the Subscription had been completed on 30 June 2014. Since the directors considered that the Group cannot exercise significant influence on the financial and operating policies on the investee, and accordingly it is classified as an available-for-sale (“AFS”) investment. Therefore, the AFS investment would be increased by HK\$135,000,000 and the bank balances and cash would be decreased by HK\$135,962,000, and there is net decrease of HK\$962,000 on the pro forma adjusted consolidated net tangible assets.

4. The estimated net proceeds from the Open Offer of approximately HK\$146,600,000 is calculated based on 509,714,900 Offer Shares (the Company had 254,857,450 shares in issue on the Latest Practicable Date) on the basis of two Offer Shares for every one Share held on the Latest Practicable Date at the Subscription Price of HK\$0.30 per Offer Share, after deduction of the estimated related expenses of approximately HK\$6,314,000.
5. The pro forma adjusted consolidated net tangible assets per Share of the Company after the completion of the Open Offer is calculated based on 734,592,350 Shares which represents the existing 224,877,450 Shares in issue as at 30 June 2014 and 509,714,900 Offer Shares assumed to be issued on the completion of the Open Offer as if the Open Offer had been completed on 30 June 2014.
6. No adjustments have been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2014.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF PRO PROMA FINANCIAL INFORMATION****TO THE DIRECTORS OF WELL WAY GROUP LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Well Way Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2014 and related notes as set out on pages 92 and 93 of the circular issued by the Company dated 12 September 2014 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages 92 and 93 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed open offer of 509,714,900 offer shares of par value of HK\$0.01 each at the subscription price of HK\$0.30 per offer share on the basis of two offer shares for every one share held on the record date (the "Open Offer") on the Group's financial position at 30 June 2014 as if the Open Offer had taken place at 30 June 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2014, on which an interim report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 7.31(7) of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant’s judgment, having regard to the reporting accountant’s understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 7.31(7) of the GEM Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

12 September 2014

Details of Mr. Fung Wai Ching who will retire from office at the Subscription EGM and being eligible, will offer himself for re-election at the Subscription EGM, are set out below:

Mr. Fung Wai Ching, aged 44, was appointed as an independent non-executive Director, the chairman of the nomination Committee of the Company and a member of each of the audit committee and the remuneration committee of the Company on 23 June 2014. Mr. Fung is presently an owner of a printing company in Hong Kong. He has over 17 years' experience in managing paper, packaging and printing industries in both China and Hong Kong markets. Mr. Fung is now an independent non-executive director of China Star Cultural Media Group Limited (formerly known as China Media and Films Holdings Limited) (Stock Code: 8172), a company whose shares are listed on the GEM. Save as aforesaid, Mr. Fung did not hold any directorship in other listed public companies in the past three years.

Mr. Fung has not entered into any service contract with the Company and has no fixed term of service with the Company. He is subject to retirement at the next following general meeting of the Company after his appointment and thereafter subject to retirement by rotation at least once every three years in accordance with the Articles of Association. He is entitled to a director's fee of HK\$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the remuneration committee of the Company. As at the Latest Practicable Date, he (i) does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company; (ii) does not have any interests in the Shares within the meaning of Part XV of the SFO; and (iii) does not hold any other positions with the Company or other members of the Group.

Save as disclosed above, there are no information to be disclosed pursuant to any of the requirements of Rule 17.50(2) of the GEM Listing Rules (particularly in relation to subparagraphs (h) to (v) therein) nor are there any other matters that need to be brought to the attention of the Shareholders in respect of re-election of Mr. Fung.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately upon completion of the Open Offer are as follows:

Authorised share capital:

	<i>HK\$</i>
<u>180,000,000,000</u> Shares	<u>1,800,000,000.00</u>

Issued and fully paid share capital or credited as fully paid:

254,857,450 Shares in issue as at the Latest Practicable Date	2,548,574.50
<u>509,714,900</u> Offer Shares to be issued	<u>5,097,149.00</u>
<u>764,572,350</u> Shares in issue and fully paid immediately upon completion of the Open Offer	<u>7,645,723.50</u>

As at the Latest Practicable Date, the Company had no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

No capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

All Shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital.

The issued Shares are listed and traded on the GEM. None of the securities of the Company is listed, or dealt in, on any other exchange, nor is any listing of or permission to deal in the securities of the Company being, or proposed to be, sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(i) Directors

(a) Directors' interests in the Company

As at the Latest Practicable Date, the interests of the Directors in the Shares and the underlying Shares and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 and 5.47 of the GEM Listing Rules relating to securities transactions by Directors were as follows:

Name of Director	Capacity	Number of Shares held	Approximate % of interest held
Mr. Mung	Beneficial owner	153,936,000 (Note 2)	20.13 (Note 1)
Mr. Tse Ke Li	Beneficial owner	1,150,000	0.45

Notes:

- The percentage shareholding in the Company is calculated by reference to the number of Shares in issue immediately following the completion of the Open Offer (assuming no Shares, other than the Offer Shares, are allotted and issued from the Latest Practicable Date to the completion of the Open Offer), that is, 764,572,350.
- These shares comprise (i) 51,312,000 Shares held by Mr. Mung; and (ii) 102,624,000 Offer Shares to be allotted to Mr. Mung under his entitlement under the Open Offer pursuant to the Irrevocable Undertaking.

All interests stated above represent long positions.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 and 5.47 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) *Directors' interests in assets and contracts of the Company*

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to member of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Group were made up.

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

(c) *Directors' service contracts*

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with the Company or any other member of the Group which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

(d) Directors' interests in competing businesses

As at the Latest Practicable Date, none of the Directors or their respective associates were interested in any business apart from the Group's businesses, which competes or was likely to compete, whether directly or indirectly, with the businesses of the Group.

(ii) Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the following persons (other than the Directors or chief executives of the Company) had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Number of Shares or underlying Shares held	Approximate % of interest held
New Star Int'l Holding Limited	Beneficial owner	13,462,000	5.28% <i>(Note 1)</i>
Kingston Securities Limited	Beneficial owner	407,091,100 <i>(Note 3)</i>	53.24% <i>(Note 2)</i>
Galaxy Sky Investments Limited	Interest of controlled corporation	407,091,100 <i>(Note 3)</i>	53.24% <i>(Note 2)</i>
Kingston Capital Asia Limited	Interest of controlled corporation	407,091,100 <i>(Note 3)</i>	53.24% <i>(Note 2)</i>
Kingston Financial Group Limited	Interest of controlled corporation	407,091,100 <i>(Note 3)</i>	53.24% <i>(Note 2)</i>
Active Dynamic Limited	Interest of controlled corporation	407,091,100 <i>(Note 3)</i>	53.24% <i>(Note 2)</i>
Chu Yuet Wah	Interest of controlled corporation	407,091,100 <i>(Note 3)</i>	53.24% <i>(Note 2)</i>
One China Securities Ltd.	Beneficial owner	60,000,000 <i>(Note 4)</i>	7.85% <i>(Note 2)</i>
Pang Kai Ming	Interest of controlled corporation	60,000,000 <i>(Note 4)</i>	7.85% <i>(Note 2)</i>

All interests stated above represent long positions.

Notes:

1. The percentage shareholding in the Company is calculated by reference to the number of Shares in issue as at the Latest Practicable Date i.e. 254,857,450.
2. The percentage shareholding in the Company is calculated by reference to the number of Shares in issue immediately following the completion of the Open Offer (assuming no Shares, other than the Offer Shares, are allotted and issued from the Latest Practicable Date to the completion of the Open Offer), that is, 764,572,350.
3. The 407,090,900 Shares are the Offer Shares which Kingston Securities Limited as the underwriter is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer and the 200 Shares are Shares held by the Kingston Securities prior to the Underwriting Agreement. Kingston Securities is a wholly owned subsidiary of Galaxy Sky Investments Limited, which is wholly owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is wholly owned by Kingston Financial Group Limited. Active Dynamic Limited owns 42.90% interest in Kingston Financial Group Limited. Chu Yuet Wah owns 100% interest in Active Dynamic Limited.
4. Based on the notice of disclosure of interests of One China Securities Ltd and Pak Kai Ming each filed with the Stock Exchange dated 15 August 2014, these interests are held by One China Securities Ltd which is owned as to 79.62% by Pang Kai Ming. To the best knowledge of the Company, the 60,000,000 Shares are the Offer Shares which One China Securities Ltd. as a sub-underwriter is interested under the relevant sub-underwriting arrangement.

Other than disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the Company had not been notified of any other interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or any persons (other than the Directors and chief executive of the Company) who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

As at the Latest Practicable Date, save and except for information above, no other Director nor any parties acting in concert with any of them was interested in any Shares or any convertible securities, warrants, options or derivative in respect of Shares.

4. CORPORATE INFORMATION

Board of Directors*Executive Directors*

Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan
Mr. Tse Ke Li

Independent Non-executive Directors

Mr. Chan Wai Man
Mr. Chan Ho Bun, Steve
Mr. Fung Wai Ching

Audit Committee

Mr. Chan Wai Man (Committee Chairman)
Mr. Chan Ho Bun, Steve
Mr. Fung Wai Ching

Remuneration Committee

Mr. Chan Wai Man (Committee Chairman)
Mr. Mung Bun Man, Alan
Mr. Chan Ho Bun, Steve
Mr. Fung Wai Ching

Nomination Committee

Mr. Fung Wai Ching (Committee Chairman)
Mr. Mung Bun Man, Alan
Mr. Chan Wai Man

Registered office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

**Head office and principal place
of business in Hong Kong**

Unit 1611
16/F., West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Company secretary	Mr. Tse Kam Fai (A fellow member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries A member of the Hong Kong Institute of Directors.)
Compliance officer	Mr. Mung Bun Man, Alan
Authorised representatives	Mr. Mung Bun Man, Alan and Mr. Tse Kam Fai Unit 1611 16/F., West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Auditors	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35th floor One Pacific Place 88 Queensway Hong Kong
Stock code	8063
Website	www.wellwaygp.com

5. PARTIES INVOLVED IN THE OPEN OFFER

The Company	Well Way Group Limited Unit 1611 16/F., West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Underwriter	Kingston Securities Limited Suite 2801, 28th Floor One International Finance Centre 1 Harbour View Street Hong Kong
Financial adviser to the Company	Nuada Limited Unit 1805-08, 18/F. Office Plus@Sheung Wan 93-103 Wing Lok Street Sheung Wan Hong Kong
Legal advisers to the Company	<i>As to Hong Kong Law:</i> Michael Li & Co. 19th Floor Prosperity Tower 39 Queen's Road Central Hong Kong
Reporting Accountants	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35th floor One Pacific Place 88 Queensway Hong Kong
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date:

- (i) the venture participation agreement dated 30 July 2013 entered into between Matrix Triumph Sdn. Bhd. (the “MTSB”), an independent third party, Discover Orient Holidays Sdn. Bhd. (“DOH”), a wholly-owned subsidiary of MTSB and Jade Emperor International Limited (“Jade Emperor”), an indirect wholly-owned subsidiary of the Company, in relation to the participation by Jade Emperor in the operation of the business undertaken by DOH at present and from time to time and DOH. During the term of the venture participation agreement, DOH shall pay to Jade Emperor the management fee equivalent to 90% of the audited net profit before tax of DOH for a financial year as calculated in accordance with the terms and conditions under the venture participation agreement;
- (ii) the option agreement dated 30 July 2013 entered into between MTSB and Jade Emperor in relation to the option granted by MTSB to Jade Emperor to acquire the entire issued share capital of DOH during the period of 10 years from the date of the option agreement at a price to be mutually agreed by the parties with reference to profit before taxation of DOH or such comparables at the time of exercise of the option;
- (iii) the sale and purchase agreement dated 15 November 2013 entered into between Wing Shing Loong Goldsmith & Refinery Co. Limited (“Wing Shing Loong”), an indirect wholly-owned subsidiary of the Company, and Far East Financial Consultants Limited, an independent third party, in relation to the disposal of the ordinary membership of The Chinese Gold & Silver Exchange Society and the 136,000 unlisted shares of Hong Kong Precious Metals Exchange Limited held by Wing Shing Loong, in accordance with the terms and conditions of the sale and purchase agreement, at a consideration of HK\$12.7 million;

- (iv) the placing agreement dated 22 January 2014 as supplemented by the supplemental placing agreement dated 30 January 2014 entered into between the Company and Emperor Securities Limited, a placing agent, in relation to the placing of 24,986,000 placing shares on a best effort basis to places at the placing price of HK\$1.00 per placing share;
- (v) the underwriting agreement dated 1 April 2014 entered into between the Company, Kingston Securities and Mr. Mung in relation to the open offer of 74,959,150 offer Shares on the basis of one offer Share for every two existing Shares at HK\$0.70 per offer Share;
- (vi) the placing agreement dated 8 July 2014 as supplemented by the supplemental letter dated 15 July 2014 entered into between the Company and Kingston Securities, a placing agent, in relation to the placing of 29,980,000 Placing Shares on best effort basis to places at the placing price of HK\$0.65 per Placing Share;
- (vii) the Subscription Agreement; and
- (viii) the Underwriting Agreement.

8. PARTICULARS OF DIRECTORS

Mr. Mung Kin Keung, aged 53, was appointed as an executive Director on 19 June 2014. He holds a Conferment of Honorary Doctoral Degree from Sinte Gleska University of California. In November 2007, Mr. Mung was awarded the 9th World Outstanding Chinese Award by the World Chinese Business Investment Foundation. He has extensive experience in areas of business management, strategic planning and development. He was appointed as an executive director of Mastermind Capital Limited (Stock Code: 905) and Bestway International Holdings Limited (Stock Code: 718) on 9 March 2007 and 22 October 2013 respectively, both companies' shares are listed on the Main Board of the Stock Exchange. On 8 July 2014, Mr. Mung was appointed as a Co-Chairman and an executive director of China Star (Stock Code: 326), the shares of which are listed on the Main Board of the Stock Exchange. In addition, Mr. Mung was appointed as an executive director of Shougang Concord Technology Holdings Limited (Stock Code: 521) ("SCT"), the shares of which are listed on the Main Board of the Stock Exchange, on 16 February 2009. He was redesignated as the vice-chairman and the chairman of SCT on 10 May 2010 and 24 October 2013. Mr. Mung was also an executive director of Hong Kong Resources Holdings Company Limited (Stock Code: 2882), the shares of which are listed on the Main Board of the Stock Exchange, from 31 October 2008 to 7 November 2012. Save as disclosed above, Mr. Mung did not hold any directorships in any other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Mung entered into an appointment letter with the Company on 19 June 2014 for an initial term of one year commencing from the date of appointment and shall continue unless and until terminated by either party giving not less than three months' prior notice. He is subject to retirement at the next annual general meeting of the Company after his appointment and thereafter subject to retirement by rotation at least once every three years in accordance with the Articles of Association. He is entitled to a director's fee of HK\$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the remuneration committee of the Company (the "Remuneration Committee").

Mr. Mung is the father of Mr. Mung Bun Man, Alan, an executive Director. As at the Latest Practicable Date, Mr. Mung is beneficially interested in 51,312,000 shares of the Company, representing approximately 20.13% of the existing issued share capital of the Company and 102,624,000 Offer Shares which Mr. Mung has irrevocably undertaken to accept pursuant to the Irrevocable Undertaking. Save as disclosed above, Mr. Mung does not have any relationship with any Directors, senior management or substantial or controlling shareholder of the Company and he does not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Mung Bun Man, Alan ("Mr. Alan Mung"), aged 27, was appointed as an executive Director on 24 March 2014. He is also the compliance officer, a director of certain subsidiaries of the Company, a member of each of Remuneration Committee and nomination committee (the "Nomination Committee") of the Company. He holds a Bachelor of Arts Degree in Business Economics from University of California-Santa Barbara and a Master Degree in Finance from Peking University. Mr. Alan Mung is a director of First Beijing Holdings Limited and a director of Hong Kong Airlines Limited. Mr. Alan Mung has extensive working experience in investment and asset management. He is an executive director of Bestway International Holdings Limited (Stock Code: 718) and Shougang Concord Technology Holdings Limited (Stock Code: 521), both companies are listed on the Main Board of the Stock Exchange. In addition, he was an executive director of Mastermind Capital Limited (Stock Code: 905), a company listed on the Main Board of the Stock Exchange, during the period from November 2010 to April 2013 and rejoined its board on 31 March 2014. Save as disclosed above, Mr. Alan Mung did not hold any directorship in other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

Mr. Alan Mung has not entered into any service contract with the Company and has no fixed term of service with the Company. He is subject to retirement by rotation at least once every three years and in accordance with the Articles of Association. He is entitled to a director's fee of HK\$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee.

Mr. Alan Mung is the son of Mr. Mung. Save as disclosed above, Mr. Alan Mung does not have any relationships with any Directors, senior management or substantial or controlling shareholder of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Tse Ke Li, aged 57, was appointed as an executive Director on 26 October 2007. He is also a director of several subsidiaries of the Company. Mr. Tse has over 10 years' business management experience in a food and beverage company in Canada and investment experience in automobile trading in Canada. He also has several years' experience in property investment and trading. He specializes in marketing and business development. Mr. Tse did not hold any directorship in other listed public companies in the past three years.

Mr. Tse has not entered into any service contract with the Company or its subsidiaries. There is no agreement between the Company or its subsidiaries and Mr. Tse in respect of the proposed length of service or prior notice to be given by either party for termination of service with regard to his engagement as an executive Director.

He is subject to retirement by rotation at least once every three years and in accordance with the Articles of Association. Mr. Tse is entitled to a director's fee of HK\$360,000 per annum which is determined with reference to the recommendation of the Remuneration Committee and the prevailing market conditions. He is also entitled to any discretionary bonus which shall be determined by reference to comments of the Remuneration Committee. He does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company. He is interested in 1,150,000 Shares within the meaning of Part XV of the SFO.

Mr. Chan Wai Man, aged 49, was appointed as an independent non-executive Director on 16 April 2014. He is also the chairmen of the audit committee (the "Audit Committee") and the Remuneration Committee and a member of the Nomination Committee. Mr. Chan Wai Man is a practicing certified public accountant, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a member of the Institute of Chartered Accountants in England and Wales and has experiences in auditing, taxation and finance for over 15 years. Mr. Chan Wai Man is now an independent non-executive director of Sage International Group Limited (Stock Code: 8082), the shares of which are listed on GEM and Bestway

International Holdings Limited (Stock Code: 718) , the shares of which are listed on the Main Board of the Stock Exchange. He was an independent non-executive director of Computech Holdings Limited (Stock Code: 8081), the shares of which are listed on the GEM, from May 2011 to December 2011. Save as disclosed above, Mr. Chan Wai Man did not hold any directorships in other listed public companies in the last three years.

Mr. Chan Wai Man has not entered into any service contract with the Company and has no fixed term of service with the Company. He is subject to retirement by rotation at least once every three years in accordance with the Articles of Association. He is entitled to a director's fee of HK\$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee. He does not have any relationships with any Directors, senior management or substantial or controlling shareholder of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Chan Ho Bun, Steve, aged 53, was appointed as an independent non-executive Director on 16 April 2014. He is also a member of the Audit Committee and the Remuneration Committee. Mr. Chan Ho Bun, Steve graduated from University of Birmingham, United Kingdom with a Bachelor of Science in Computer Science. He has over 27 years of experience in the field of electronics and computer products. He was the general manager of Strategic Product Division of Group Sense (International) Limited (Stock Code: 601), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Chan Ho Bun, Steve did not hold any directorships in any other listed public companies in the last three years.

Mr. Chan Ho Bun, Steve has not entered into any service contract with the Company and has no fixed term of service with the Company. He is subject to retirement by rotation at least once every three years in accordance with the Articles of Association. He is entitled to a director's fee of HK\$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee. He does not have any relationships with any Directors, senior management or substantial or controlling shareholder of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Fung Wai Ching, aged 44, was appointed as an independent non-executive Director on 23 June 2014. He is also the Chairman of Nomination Committee and a member of each of the Audit Committee and Remuneration Committee. Mr. Fung Wai Ching is presently an owner of a printing company in Hong Kong. He has over 17 years' experience in managing paper, packaging and printing industries in both China and Hong Kong markets. Mr. Fung is now an independent non-executive director of China Star Cultural Media Group Limited (formerly known as China Media and Films Holdings Limited) (Stock Code: 8172), a company whose shares are listed on the GEM. Save as aforesaid, Mr. Fung did not hold any directorship in other listed public companies in the past three years.

Mr. Fung has not entered into any service contract with the Company and has no fixed term of service with the Company. He is subject to retirement at the next following general meeting of the Company after his appointment and thereafter subject to retirement by rotation at least once every three years in accordance with the Articles of Association of the Company. He is entitled to a director's fee of HK\$60,000 per annum which is determined by the Board by reference to his duties and responsibilities and the prevailing market conditions and the recommendation from the Remuneration Committee. He does not have any relationships with any Directors, senior management or substantial or controlling shareholder of the Company nor any interests in the Shares within the meaning of Part XV of the SFO.

9. MISCELLANEOUS

- (i) The business address of all Directors is Unit 1611, 16/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (ii) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside of Hong Kong.
- (iii) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

10. EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinion or advice contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Donvex Capital Limited	Licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

Each of Deloitte Touche Tohmatsu and Donvex Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name in the form and context in which it appear.

Each of Deloitte Touche Tohmatsu and Donvex Capital Limited does not has any shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group.

Each of Deloitte Touche Tohmatsu and Donvex Capital Limited does not have or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Group were made up.

11. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges, registration and other related expenses, are estimated to amount to approximately HK\$6.3 million and are payable by the Company.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Unit 1611, 16/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays from the date of this circular, up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” to this appendix;
- (c) the annual reports of the Company for each of the two financial years ended 31 December 2012 and 2013;
- (d) the 2014 interim report of the Company for the six months ended 30 June 2014;
- (e) the independent reporting accountants’ assurance report on the compilation of pro forma financial information of the Group in relation to the Subscription, the text of which is set out in appendix III to this circular;
- (f) the independent reporting accountants’ assurance report on the compilation of pro forma financial information of the Group in relation to the Open Offer, the text of which is set out in appendix IV in this circular;
- (g) the Letter from the Independent Financial Adviser, the text of which is set out on pages 53 to 82 of this circular;
- (h) the letter from the Board, the text of which is set out on pages 14 to 50 to this circular;
- (i) the letter from the Independent Board Committee, the text of which is set out on pages 51 to 52 of this circular;
- (j) the written consent of the experts referred to in the section headed “Experts and Consents” in this appendix; and
- (k) this circular.

NOTICE OF EGM

Well Way Group Limited 和滙集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8063)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of Well Way Group Limited (the “**Company**”) will be held at Units 2606A-2608, 26th Floor, Island Place Tower, 510 King’s Road, North Point, Hong Kong at 11:00 a.m. on Monday, 6 October 2014 for the following purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the conditional subscription agreement (the “**Subscription Agreement**”) dated 8 July 2014 and entered into between Long Joy Investments Limited (the “**Subscriber**”), a wholly owned subsidiary of the Company as subscriber and China Star Entertainment Limited (“**China Star**”) as issuer in relation to, among others, the subscription of 1,500,000,000 new ordinary shares of HK\$0.01 each in the share capital of China Star (the “**China Star Subscription Shares**”) by the Subscriber at the subscription price of HK\$0.09 per China Star Subscription Share, a copy of which is produced to the EGM marked “A” and signed by the Chairman of the EGM for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any director(s) of the Company (the “**Director(s)**”) be and is hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in the Subscription Agreement as he/they may in his/their absolute discretion consider necessary, desirable or expedient to give effect to the Subscription Agreement and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors of the Company, in the interest of the Company and its shareholders as a whole.”

NOTICE OF EGM

2. “**THAT**

- (a) subject to and conditional upon fulfillment of the conditions of the Underwriting Agreement (as defined below), the Open Offer (as defined below) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

For the purpose of this resolution, “**Open Offer**” means the proposed issue by way of open offer of 509,714,900 new ordinary shares of HK\$0.01 each in the share capital of the Company (the “**Offer Shares**”) at a subscription price of HK\$0.30 per Offer Share to the qualifying shareholders (the “**Qualifying Shareholders**”) of the Company whose names appear on the date by reference to which entitlement under the Open Offer will be determined (other than those shareholder(s) (the “**Non-Qualifying Shareholder(s)**”) with registered address(es) outside Hong Kong whom the Directors, after making relevant enquiry, consider their exclusion from the Open Offer to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) in the proportion of two (2) Offer Shares for every one (1) existing share then held on record date and otherwise pursuant to and subject to the fulfillment of the conditions set out in the underwriting agreement (the “**Underwriting Agreement**” including all supplemental agreements relating thereto) (a copy of which have been produced to the EGM marked “B” and signed by the chairman of the EGM for the purpose of identification) dated 8 July 2014 and made between the Company and Kingston Securities Limited as underwriter (the “**Underwriter**” or “**Kingston Securities**”);

- (b) any Director(s) be and is hereby authorised to allot and issue the Offer Shares pursuant to and in connection with the Open Offer notwithstanding the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or Non-Qualifying Shareholders as they deem necessary, desirable or expedient having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong;

NOTICE OF EGM

- (c) the entering into the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the arrangements for taking up of the unsubscribed Offer Shares, if any, by Kingston Securities and/or such subscriber(s) to be procured by the Underwriter and the absence of excess application arrangement) be and are hereby approved, confirmed and ratified;
- (d) the absence of arrangements for application for the Offer Shares by the Qualifying Shareholders in excess of their entitlements under the Open Offer be and are hereby approved, confirmed and ratified; and
- (e) any Director be and is hereby authorised to sign and execute such documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated under the Underwriting Agreement and/or the Open Offer as he/they may in his/their absolute discretion consider necessary, desirable or expedient to give effect to the Underwriting Agreement, the Open Offer and the issue and allotment of the Offer Shares and the implementation of all transactions contemplated thereunder, including but not limited to the issue and allotment of Offer Shares and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

3. **“THAT:**

Mr. Fung Wai Ching be re-elected as an independent non-executive director of the Company.”

By the order of the Board of
Well Way Group Limited
Mung Bun Man, Alan
Executive Director

Hong Kong, 12 September 2014

NOTICE OF EGM

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized to sign the same.
3. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy needs not be a shareholder of the Company.
4. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
5. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should you so wish, and in such an event, the form of proxy shall be deemed to be revoked.
6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.

As at the date of this notice, the board of Directors comprises Mr. Mung Kin Keung, Mr. Mung Bun Man, Alan and Mr. Tse Ke Li as executive Directors, and Mr. Chan Wai Man, Mr. Chan Ho Bun, Steve and Mr. Fung Wai Ching as independent non-executive Directors.