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## **Well Way Group Limited**

## **和 滙 集 團 有 限 公 司**

*(Incorporated in the Cayman Islands with limited liability)*

*(Stock Code: 8063)*

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2013**

Reference is made to the annual report of Well Way Group Limited (the “**Company**”) for the year ended 31 December 2013 (the “**Annual Report**”) published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company on 27 March 2014. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Annual Report.

In addition to the information provided in the Annual Report, the Company would like to further inform the shareholders and potential investors of the Company the following information:

#### **Impairment loss on goodwill regarding the travel business in Singapore**

The travel business was the major profit stream of the Group for the year ended 31 December 2013. As disclosed in the Annual Report, the recoverable amount of the Group’s travel business cash generating units 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. The carrying amount of the assets allocated to

the unit was determined to be higher than its recoverable amount and an impairment loss of HK\$25,000,000 was recognised. The impairment loss was allocated fully to reduce the carrying amount of goodwill.

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.

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 management revised the assumptions used in financial budgets including a discount rate of 16.52% and 2.86% growth rate in cash flows after the five-year period. Save as those value of inputs mentioned above, it was assumed there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and business of the Group.

According to the valuation report 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.

The above additional information does not affect other information contained in the Annual Report and, save as disclosed in this announcement, the remaining contents of the Annual Report remain unchanged.

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

Hong Kong, 4 September 2014

*As at the date of this announcement, the Board 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.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited 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 announcement 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 this announcement misleading.*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the Company’s website at [www.wellwaygp.com](http://www.wellwaygp.com).*