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WANG ON GROUP LIMITED
(宏 安 集 團 有 限 公 司)*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1222)

MAJOR AND CONNECTED TRANSACTION

On 12 October 2004, Suitbest, a wholly-owned subsidiary of the Company, Mr. Tang, Poly Talent and Profit Million entered into the Acquisition Agreement, pursuant to which Suitbest has agreed to acquire from Mr. Tang (a) the entire issued share capital and shareholder's loan of Poly Talent; and (b) the entire issued share capital and shareholder's loan of Profit Million at a consideration to be paid in the manner such that (i) HK\$2,100,002 be paid to Mr. Tang on the signing of the Acquisition Agreement; (ii) whenever Poly Talent and/or Profit Million shall be required to pay any amounts in accordance with the Provisional Agreements or Formal Agreements after the signing of the Acquisition Agreement, Suitbest shall, upon request by Mr. Tang, pay to Poly Talent and/or Profit Million (or such other person(s) as directed by Mr. Tang) such same amounts of money, which shall be deemed to be advanced by Mr. Tang to Poly Talent and/or Profit Million as additional shareholders' loan and be applied by Poly Talent and/or Profit Million in accordance with the Provisional Agreements or Formal Agreements; and (iii) the balance of consideration (if any) shall be paid to Mr. Tang (or such other person(s) as directed by Mr. Tang) upon Completion. As at the date of this announcement, the sum of HK\$2,100,002 referred to in (i) above has been paid to Mr. Tang.

Prior to the entering into the Acquisition Agreement, Poly Talent and Profit Million separately entered into the Provisional Agreements with Property Vendor A and Property Vendor B on 11 October 2004 for the sale and purchase of the Property A and Property B with a total site area of approximately 104,600 square feet at a consideration of HK\$61,800,000 and HK\$6,530,000 respectively. The Directors currently intend that following the acquisition of the Properties by Poly Talent and Profit Million and the Acquisition, the Company should develop the Properties as a whole, depending on the then prevailing market conditions whereby Property A would be developed into a low density residential and/or commercial area for sale and/or lease and Property B would be afforested into a greenery area for certain individual houses as private gardens and/or common facilities for the development for the purposes of enhancing the market value of the low density residential and/or commercial area planned to be developed in Property A. To the best knowledge of the Directors, such development of the Properties is permitted by law.

As at the date of this announcement, an amount of HK\$1,800,000 had been paid by Poly Talent, representing its total shareholder's loan, and an amount of HK\$300,000 had been paid by Profit Million, representing its total shareholder's loan, to the relevant Property Vendors as initial deposit pursuant to the terms of the Provisional Agreements. The Formal Agreement A is expected to be entered into by Poly Talent and the Property Vendor A within 14 working days upon signing of the Provisional Agreement A upon which further deposits in an aggregate amount of approximately HK\$4,380,000 shall be payable by Poly Talent and the balance for the purchase price of the

Property A is expected to be payable as to approximately HK\$55,620,000 on 11 January 2005 upon completion of the purchase of the Property A whereas the Formal Agreement B is expected to be entered into by Profit Million and the Property Vendor B within 14 working days upon signing of the Provisional Agreement B upon which further deposits in an aggregate amount of approximately HK\$353,000 shall be payable by Profit Million and the balance for the purchase price of the Property B is expected to be payable as to approximately HK\$5,877,000 on 12 February 2005 upon completion of the purchase of the Property B.

Mr. Tang is the chairman and the managing director of the Company, and is therefore a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction under the Listing Rules. The Acquisition also constitutes a major transaction of the Company under the Listing Rules. The Acquisition is therefore subject to independent shareholders' approval, voting by way of poll, under the Listing Rules. Mr. Tang and his associates will abstain from voting on the relevant resolution for the approval of the Acquisition.

The Directors (including the independent non-executive Directors) confirm that the Acquisition was negotiated on an arm's length basis and agreed on normal commercial terms between the relevant parties and that the terms of the Acquisition Agreement are fair and reasonable so far as the shareholders of the Company are concerned and are in the interest of the Company and its shareholders as a whole.

A circular containing, amongst other things, further information relating to the Acquisition, accountants' reports of Poly Talent and Profit Million, a valuation report on the Properties, an advice from an independent financial adviser and a recommendation from the independent board committee of the Company, together with a notice convening the SGM will be despatched to the shareholders of the Company as soon as practicable.

An independent board committee of the Company will be established to advise the independent shareholders of the Company in relation to the Acquisition and Baron Capital Limited has been appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of the Company in this regard.

Trading in the shares in the Company was suspended at the request of the Company with effect from 9:30 a.m. on 13 October 2004 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares in the Company with effect from 9:30 a.m. on 14 October 2004.

Shareholders and the investing public should note that completion of the Acquisition Agreement is conditional and they should exercise caution when dealing in the shares in the Company.

INTRODUCTION

On 12 October 2004, Suitbest, a wholly-owned subsidiary of the Company, Mr. Tang, Poly Talent and Profit Million entered into the Acquisition Agreement, pursuant to which Suitbest has agreed to acquire from Mr. Tang (a) the entire issued share capital and shareholder's loan of Poly Talent; and (b) the entire issued share capital and shareholder's loan of Profit Million.

THE ACQUISITION AGREEMENT

- Date: 12 October 2004
- Parties:
- (i) Mr. Tang, who is the chairman and the managing director of the Company, as vendor;
 - (ii) Suitbest Investments Limited, a wholly-owned subsidiary of the Company, as purchaser;
 - (iii) Poly Talent, a limited liability company incorporated in Hong Kong and wholly and beneficially owned by Mr. Tang; and
 - (iv) Profit Million, a limited liability company incorporated in Hong Kong and wholly and beneficially owned by Mr. Tang.
- Assets to be acquired:
- (i) one share of HK\$1 each in the share capital of Poly Talent, being the entire issued share capital of Poly Talent;
 - (ii) one share of HK\$1 each in the share capital of Profit Million, being the entire issued share capital of Profit Million; and
 - (ii) shareholder's loan of each of Poly Talent and Profit Million.

The Consideration shall represent the face value of the entire issued share capital and shareholder's loans of both Poly Talent and Profit Million as at Completion. As at the date of the Acquisition Agreement, the shareholder's loan of each of Poly Talent and Profit Million amounted to HK\$1,800,000 and HK\$300,000 respectively, which had been paid as the initial deposits for the purchase of the Properties. The Consideration shall be payable in cash and funded by internal resources of the Group.

The Consideration shall be paid in the following manner:

- (i) a sum of HK\$2,100,002 will be paid to Mr. Tang on the signing of the Acquisition Agreement (representing the amount of the total issued share capital and shareholder's loans of both Poly Talent and Profit Million as at the date of the Acquisition Agreement);
- (ii) whenever Poly Talent and/or Profit Million shall be required to pay any amounts in accordance with the Provisional Agreements or Formal Agreements after the signing of the Acquisition Agreement, Suitbest shall, upon request by Mr. Tang, pay to Poly Talent and/or Profit Million (or such other person(s) as directed by Mr. Tang) such same amounts of money, which shall be deemed to be advanced by Mr. Tang to Poly Talent and/or Profit Million as additional shareholders' loan and be applied by Poly Talent and/or Profit Million in accordance with the Provisional Agreements or Formal Agreements; and
- (iii) the balance of consideration (if any) shall be paid to Mr. Tang (or such other person(s) as directed by Mr. Tang) upon Completion.

As at the date of this announcement, the sum of HK\$2,100,002 referred to in (i) above has been paid to Mr. Tang.

Conditions precedent:

The Acquisition Agreement is conditional upon the following conditions precedent:

- (i) the approval of the Acquisition Agreement and other transactions contemplated in or incidental to the Acquisition Agreement in the SGM of the independent shareholders of the Company in accordance with the Listing Rules; and
- (ii) all other necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities in Hong Kong and Bermuda required for the Acquisition Agreement and the transactions contemplated herein in relation to Suitbest and the Company being obtained.

Completion:

Completion shall take place on the next business day after fulfillment of the conditions precedent of the Acquisition Agreement set out above or at such time and date as the parties may agree.

The parties have agreed to use their best endeavours to ensure that the conditions precedent set out above are fulfilled by 5:00 p.m. on 31 March 2005 (or such later date as the parties may agree), failing which the Acquisition Agreement and everything contained therein shall, subject to the liability of any party to the other in respect of any antecedent breach of any of the terms hereof, be null and void and of no effect and Mr. Tang shall refund the deposit paid by Suitbest as set out above.

INFORMATION ON POLY TALENT AND PROFIT MILLION

Poly Talent is a limited liability company incorporated in Hong Kong on 11 August 2004. Profit Million is a limited liability company incorporated in Hong Kong on 22 September 2004. Each of Poly Talent and Profit Million is wholly and beneficially owned by Mr. Tang, who is the chairman and the managing director of the Company. Both of Poly Talent and Profit Million are investment holding companies and have not carried out any other business activities since their incorporation other than the entering into the Provisional Agreements for the purpose of acquiring the Properties and the Acquisition Agreement. Upon completion of the purchase of the Properties, the principal assets of both Poly Talent and Profit Million will be the Properties.

Based on the management account of Poly Talent, the unaudited net loss of Poly Talent was HK\$5,367, representing business registration fee, formation expenses as well as search, filing and secretarial fee, for the period from 11 August 2004 to 12 October 2004 and the unaudited net tangible liabilities of Poly Talent as at 12 October 2004 was HK\$5,366. Other than the payment for purchase price pursuant to the Provisional Agreement A, Poly Talent does not have any long term liability as at the date of this announcement.

Based on the management account of Profit Million, the unaudited net loss of Profit Million was HK\$5,367, representing business registration fee, formation expenses as well as search, filing and secretarial fee, for the period from 22 September 2004 to 12 October 2004 and the unaudited net tangible liabilities of Profit Million as at 12 October 2004 was HK\$5,366. Other than the payment for purchase price pursuant to the Provisional Agreement B, Profit Million does not have any long term liability as at the date of this announcement.

REASONS FOR THE ACQUISITION

In view of the time required for obtaining shareholders' approval in relation to the acquisition of the Properties under the Listing Rules and in order to facilitate the purchase of the Properties from the Property Vendors, Mr. Tang, at the request of the Company, through both Poly Talent and Profit Million, stepped in to acquire the Properties. Prior to the entering into the Acquisition Agreement, Poly Talent and Profit Million entered into the Provisional Agreements on 11 October 2004 for the purchase of the Properties comprising Property A and Property B. Property A is a plot of vacant land situated at Fairview Park Boulevard, Yuen Long, New Territories, adjoining Property B and registered in the Land Registry as Lot No. 4781 in D.D.No.104 with a total site area of approximately 92,800 square feet and Property B is a plot of vacant land situated at Fairview Park Boulevard, Yuen Long, New Territories, adjoining Property A and registered in the Land Registry as the remaining portion of Lot No.3254 in D.D.104 with a total site area of approximately 11,800 square feet. The Directors currently intend that following the acquisition of the Properties by Poly Talent and Profit Million and the Acquisition, the Company should develop the Properties as a whole, depending on the then prevailing market conditions whereby Property A would be developed into a low density residential and/or commercial area for sale and/or lease and Property B will be afforested into a greenery area for certain individual houses as private gardens and/or common facilities for the development for the purposes of enhancing the market value of the low density residential and/or commercial area planned to be developed in Property A. As the Group is principally engaged in, among other matters, property development and property investment, it has expertise and experience in building construction in Hong Kong. The Group has an expert team of staff specialized in property development, projects management, building construction, quantity surveying as well as the sales and marketing in property.

As at the date of this announcement, an amount of HK\$1,800,000, representing the total shareholder's loan of Poly Talent as at 12 October 2004, has been paid by Poly Talent to the Property Vendor A as initial deposit pursuant to the terms of the Provisional Agreement A. The Formal Agreement A is expected to be entered into by Poly Talent and the Property Vendor A within 14 working days upon signing of the Provisional Agreement A upon which further deposits in an aggregate amount of approximately HK\$4,380,000 shall be payable by Poly Talent. The balance for the purchase price of the Property A is expected to be payable as to approximately HK\$55,620,000 on 11 January 2005 upon completion of the purchase of the Property A pursuant to the Provisional Agreement A which shall take place within 3 months from the date of signing of the Formal Agreement A. Upon Completion, Poly Talent will have paid the full amount of HK\$61,800,000 to Property Vendor A. To the best of the Directors' knowledge, Property Vendor A is a property investment company and it and its respective ultimate beneficial owners are independent third parties not being connected persons of the Company (as defined in the Listing Rules).

As at the date of this announcement, an amount of HK\$300,000, representing the total shareholder's loan of Profit Million as at 12 October 2004, has been paid by Profit Million to the Property Vendor B as initial deposit pursuant to the terms of the Provisional Agreement B. The Formal Agreement B is expected to be entered into by Profit Million and the Property Vendor B within 14 working days upon signing of the Provisional Agreement B upon which further deposits in an aggregate amount of approximately HK\$353,000 shall be payable by Profit Million. The balance for the purchase price of the Property B is expected to be payable as to approximately HK\$5,877,000 on 12 February 2005 upon completion of the purchase of the Property B pursuant to the Provisional Agreement B which shall take place within 4 months from the date of signing of the Formal Agreement B. Upon Completion, Profit Million will have paid the full amount of HK\$6,530,000 to Property Vendor B. To the best of the Directors' knowledge, Property Vendor B is an individual and is independent third party not being connected person of the Company (as defined in the Listing Rules).

It is provided in the Provisional Agreement B that, subject to the discretion of Profit Million, in the event that the purchase of the Property A cannot be completed, the Provisional Agreement B and Formal Agreement B shall be cancelled and the Property Vendor B shall refund the deposit paid by Profit Million.

In view of the fact that Poly Talent and/or Profit Million had entered into the Provisional Agreements in respect of the Properties for an aggregate consideration of HK\$68,330,000, which is determined based on the value of the Properties, as estimated by the Group's property assessment expertise which considers such consideration to be the market price in the area adjacent to the Properties, and negotiated on an arm's length basis and agreed on normal commercial terms between each of Poly Talent and Profit Million, and the relevant Property Vendors, the Company entered into the Acquisition Agreement to acquire Poly Talent and Profit Million from Mr. Tang, with no profit made or accrued to either parties, for the purpose of vesting its ultimate interests in the proposed acquisition of the Properties. Independent valuation on the Properties will be conducted in due course and will be set out in the circular to be despatched to the shareholders of the Company. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiry, the Properties which are currently vacant will be acquired on an "as-is" basis.

The Directors (including the independent non-executive Directors) confirm that the Acquisition was negotiated on an arm's length basis and agreed on normal commercial terms between the parties and that the terms of the Acquisition Agreement are fair and reasonable so far as the shareholders of the Company are concerned, and are of the view that the Properties are acquired at a fair market price and that the Properties once developed would have potential for sale and/or lease and therefore consider that the Acquisition is in the interest of the Company and its shareholders as a whole.

GENERAL

The Group is principally engaged in the management and sub-licensing of Chinese wet markets, shopping centres and car parks, retail business, property development and property investment. It also has interests in the pharmaceutical business through its investments in Wai Yuen Tong Medicine Holdings Limited, a company listed on the Stock Exchange. The Directors are optimistic about the property market in Hong Kong and perceive investment potentials of the Properties for development.

In the past 12 months prior to the date of this announcement, the Group (i) purchased a property of Lot No.1476 in DD 189 – known as STTL No. 465 located in Shatin, New Territories, Hong Kong for a consideration of approximately HK\$103,800,000 on 26 March 2004 for development for residential use as set out in the Company's announcement dated 30 March 2004; and (ii) purchased residential and commercial units in the Kennedy Town, Hong Kong for a consideration of approximately HK\$77,550,000 on 27 September 2004 for development for residential and/or commercial use as set out in the Company's announcement dated 30 September 2004. The vendors in the sale of properties to the Group are independent of each other, and Property Vendor A and Property Vendor B.

Mr. Tang is the chairman and the managing director, and is therefore a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. The Acquisition also constitutes a major transaction of the Company under the Listing Rules. The Acquisition is subject to independent shareholders' approval, voting by way of poll, under the Listing Rules. Mr. Tang and his associates will abstain from voting on the relevant resolution for the approval of the Acquisition.

A circular containing, amongst other things, further information relating to the Acquisition, the accountants' reports of Poly Talent and Profit Million, a valuation report on the Properties, an advice from an independent financial adviser and a recommendation from the independent board committee of the

Company, together with a notice convening the SGM will be despatched to the shareholders of the Company as soon as practicable.

An independent board committee of the Company will be established to advise the independent shareholders of the Company in relation to the Acquisition and Baron Capital Limited has been appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of the Company in this regard.

Trading in the shares in the Company was suspended at the request of the Company with effect from 9:30 a.m. on 13 October 2004 pending the release of this announcement. Application has been made to the Stock Exchange for a resumption of trading in the shares in the Company with effect from 9:30 a.m. on 14 October 2004.

Shareholders and the investing public should note that completion of the Acquisition Agreement is conditional and they should exercise caution when dealing in the shares in the Company.

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas, and four independent non-executive Directors, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Dr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“Acquisition”	the sale and purchase of the entire issued share capital and shareholders’ loans of each of Profit Million and Poly Talent pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 12 October 2004 entered into between Suitbest, Mr. Tang, Poly Talent and Profit Million in relation to the Acquisition
“Board”	the board of Directors
“Company”	Wang On Group Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Acquisition Agreement
“Consideration”	the consideration for the Acquisition to be paid in the manner set out under the section headed “The Acquisition Agreement” in the main context of this announcement
“Directors”	the directors of the Company
“Formal Agreements”	Formal Agreement A and Formal Agreement B
“Formal Agreement A”	the formal agreement to be entered into by Poly Talent or its nominee(s) with the Property Vendor A in relation to the sale and purchase of the Property A

“Formal Agreement B”	the formal agreement to be entered into by Profit Million or its nominee(s) with the Property Vendor B in relation to the sale and purchase of the Property B
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tang”	Mr. Tang Ching Ho, being the chairman and the managing director of the Company
“Poly Talent”	Poly Talent Investment Limited, a company wholly and beneficially owned by Mr. Tang
“Profit Million”	Profit Million Investment Limited, a company wholly and beneficially owned by Mr. Tang
“Properties”	the properties comprising both Property A and Property B and occupying an aggregate site area of approximately 104,600 square feet
“Property A”	a plot of vacant land situated at Fairview Park Boulevard, Yuen Long, New Territories, adjoining Property B and registered in the Land Registry as Lot No. 4781 in D.D.No.104 with a total site area of approximately 92,800 square feet
“Property B”	a plot of vacant land situated at Fairview Park Boulevard, Yuen Long, New Territories, adjoining Property A and registered in the Land Registry as the remaining portion of Lot No.3254 in D.D.104 with a total site area of approximately 11,800 square feet
“Property Vendors”	Property Vendor A and Property Vendor B. The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiry, each of the Property Vendors and its respective ultimate beneficial owners (in the case of the Property Vendor A), are independent third parties not being connected persons of the Company (as defined in the Listing Rules)
“Property Vendor A”	Jet Complete Limited
“Property Vendor B”	Hui Kam Hing
“Provisional Agreements”	Provisional Agreement A and Provisional Agreement B
“Provisional Agreement A”	the sale and purchase agreement entered into by Poly Talent with the Property Vendor A on 11 October 2004 in respect of the Property A
“Provisional Agreement B”	the sale and purchase agreement entered into by Profit Million with the Property Vendor B on 11 October 2004 in respect of the Property B
“SGM”	the special general meeting of the Company to be convened to approve the Acquisition Agreement and other transactions contemplated in or incidental to the Acquisition Agreement

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Suitbest” Suitbest Investments Limited, a wholly-owned subsidiary of the Company

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
Wang On Group Limited
Tang Ching Ho
Chairman and Managing Director

Hong Kong, 13 October 2004

* *For identification purpose only*

“Please also refer to the published version of this announcement in The Standard”