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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**  
**– ACQUISITION OF HANWIN INVESTMENT LIMITED;**  
**AND**  
**DISCLOSEABLE TRANSACTION**  
**– ACQUISITION OF YUEN LONG PROPERTY**

**(I) HANWIN ACQUISITION**

On 18 March 2005, Suitbest, a wholly-owned subsidiary of the Company, Mr. Tang, and Hanwin entered into the Hanwin Acquisition Agreement, pursuant to which Suitbest has agreed to acquire from Mr. Tang the entire issued share capital and shareholder's loan of Hanwin.

Prior to entering into the Hanwin Acquisition Agreement, Hanwin entered into the Provisional Agreement with the Sham Shui Po Property Vendor on 17 March 2005 for the purchase of the Sham Shui Po Property for a consideration of HK\$110,000,000. The Directors intend that following the completion of the acquisition of the Sham Shui Po Property by Hanwin and following Completion, the Company would sell and/or lease the residential units and the shops in the Sham Shui Po Property.

As at the date of this announcement, an amount of HK\$3,000,000 had been paid by Hanwin to the Sham Shui Po Property Vendor as initial deposit pursuant to the terms of the Provisional Agreement. The Formal Agreement is expected to be entered into between Hanwin and the Sham Shui Po Property Vendor on or before 31 March 2005 upon which a further deposit of HK\$8,000,000 shall be payable by Hanwin. The balance for the purchase price of the Sham Shui Po Property is expected to be payable by Hanwin as to HK\$5,500,000 on or before 30 April 2005 and HK\$93,500,000 on or before 29 July 2005.

Mr. Tang is the chairman and the managing director of the Company, and is therefore a connected person (as defined in the Listing Rules) of the Company. The Hanwin Acquisition therefore constitutes a major and connected transaction under Rule 14.06(3) and Rule 14A.13(1)(a) of the Listing Rules and therefore Completion is subject to the relevant disclosure requirements and independent Shareholders' approval, voting by way of poll.

The Directors (including the independent non-executive Directors) confirm that the Hanwin 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 Hanwin Acquisition Agreement are fair and reasonable and the Hanwin Acquisition is in the interests of the Company and the Shareholders.

A circular containing, amongst other things, further information relating to the Hanwin Acquisition, accountants' report on Hanwin, a valuation report on the Sham Shui Po Property, 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 as soon as practicable.

Shareholders and the investing public should note that Completion is conditional and they should exercise caution when dealing in the shares in the Company.

## **(II) ACQUISITION OF YUEN LONG PROPERTY**

On 16 March 2005, Champford Investment Limited, an indirect wholly owned subsidiary of the Company, entered into the Yuen Long Property Acquisition Agreement with the Yuen Long Property Vendor, an Independent Third Party to acquire the Yuen Long Property at the consideration of HK\$35,000,000.

The Yuen Long Property Acquisition contemplated under the Yuen Long Property Acquisition Agreement constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing details of the Yuen Long Property Acquisition Agreement will be sent to Shareholders as soon as practicable.

## **(III) RESUMPTION OF TRADING**

Trading in shares in the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 21 March 2005 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 23 March 2005.

## **(I) HANWIN ACQUISITION**

### **Introduction**

On 18 March 2005, Suitbest, a wholly-owned subsidiary of the Company, Mr. Tang and Hanwin entered into the Hanwin Acquisition Agreement, pursuant to which Suitbest has agreed to acquire from Mr. Tang the entire issued share capital and shareholder's loan of Hanwin.

### **The Hanwin Acquisition Agreement**

**Date:** 18 March 2005

**Parties:**

- (i) Mr. Tang, the chairman and managing director of the Company, as vendor;
- (ii) Suitbest, a wholly-owned subsidiary of the Company, as purchaser; and
- (iii) Hanwin, 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 in the share capital of Hanwin, being the entire issued share capital of Hanwin; and
  - (ii) shareholder's loan of Hanwin.

The Hanwin Consideration shall represent the face value of the entire issued share capital and shareholder's loan of Hanwin as at Completion. As at the date of the Hanwin Acquisition Agreement, the shareholder's loan of Hanwin amounted to HK\$3,000,000 which had been fully paid by Hanwin to partially satisfy as the initial deposit for the purchase of the Sham Shui Po Property. The Hanwin Consideration shall be payable in cash and funded by internal resources of the Group and/or debt borrowing from bank.

The Hanwin Consideration shall be as follows and payable in the following manner:

- (1) a sum of HK\$3,000,001 paid to Mr. Tang as deposit on the signing of the Hanwin Acquisition Agreement (representing the value of the entire issued share capital of Hanwin and amount of shareholder's loan of Hanwin as at the date of the Hanwin Acquisition Agreement);
- (2) whenever Hanwin shall be required to pay any amounts in accordance with the Provisional Agreement or Formal Agreement, Suitbest shall, upon request by Mr. Tang, pay to Hanwin (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 Hanwin as additional shareholder's loan and be applied by Hanwin in accordance with the Provisional Agreement or the Formal Agreement (as applicable); and
- (3) the balance of Hanwin Consideration (if any) shall be paid to Mr. Tang (or such other person(s) as directed by Mr. Tang) at Completion.

As at the date of this announcement, the sum of HK\$3,000,001 referred to in (1) above had been paid to Mr. Tang.

Completion of the Hanwin Acquisition Agreement is conditional upon the following conditions precedent:

- (i) approval of the Hanwin Acquisition Agreement and other transactions contemplated in or incidental to the Hanwin Acquisition Agreement at the SGM of the independent Shareholders 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 as required under the Hanwin Acquisition Agreement and required under the transactions contemplated in the Hanwin Acquisition Agreement in relation to Suitbest and the Company having been obtained.

*Completion:*

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

The parties to the Hanwin Acquisition Agreement have agreed to use their best endeavours to ensure that the conditions precedent to the Hanwin Acquisition Agreement are fulfilled by 5:00 p.m. on 31 May 2005 (or such later date as the parties may agree), failing which the Hanwin Acquisition Agreement 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 referred to in (1) above.

### **Information of Hanwin**

Hanwin is a limited liability company incorporated in Hong Kong on 3 March 2005. Hanwin is wholly and beneficially owned by Mr. Tang, the chairman and managing director of the Company. Hanwin is an investment holding company and has not carried out any other business activities since its incorporation other than the entering into the Provisional Agreement and the Hanwin Acquisition Agreement. Upon completion of the acquisition of the Sham Shui Po Property, the Sham Shui Po Property will be Hanwin's principal assets.

Based on the management accounts of Hanwin, the unaudited net loss of Hanwin for the period from 3 March 2005 to 18 March 2005 was HK\$5,371, representing business registration fee, formation expenses as well as search, filing and secretarial fees and the unaudited net tangible liabilities of Hanwin as at 18 March 2005 was HK\$5,370. Other than the payment for purchase price pursuant to the Provisional Agreement, Hanwin does not have any long term liability as at the date of this announcement.

### **Information of the Sham Shui Po Property**

The Sham Shui Po Property is a 18-storey building, amongst which 16 storeys are currently intended for sale or rental for residential purposes and 2 storeys are currently intended for sale or rental for commercial purposes, with an aggregate site area of approximately 3,300 square feet and a total floor area of approximately 30,000 square feet, located at No. 58 Yen Chow Street, Sham Shui Po, Kowloon, Hong Kong. None of the units in the Sham Shui Po Property has been engaged as at the date of this announcement.

### **Reasons for the Hanwin Acquisition**

In view of the time required for obtaining Shareholders' approval in relation to the acquisition of the Sham Shui Po Property and in order to facilitate the purchase of the Sham Shui Po Property from the Sham Shui Po Property Vendor, Mr. Tang, at the request of the Company, stepped in through Hanwin, to acquire the Sham Shui Po Property. Prior to the entering into the Hanwin Acquisition Agreement, Hanwin entered into the Provisional Agreement on 17 March 2005 for the purchase of the Sham Shui Po Property. The Sham Shui Po Property represents the whole block of Wealthy Terrace located at No. 58, Yen Chow Street, Sham Shui Po, Kowloon. The Directors intend that following the completion of the acquisition of the Sham Shui Po Property by Hanwin and upon Completion, the Company would sell and/or lease the residential units and the shops in the Sham Shui Po Property. As the Group is principally engaged in, among other matters, property development and property investment, the Group 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\$3,000,000 has been paid by Hanwin to the Sham Shui Po Property Vendor to partially satisfy the deposit pursuant to the terms of the Provisional Agreement. The Formal Agreement is expected to be entered into by Hanwin and the Sham Shui Po Property Vendor on or before 31 March 2005 upon which a further amount of HK\$8,000,000 shall be payable by Hanwin. The balance for the purchase price of the Sham Shui Po Property is expected to be payable by Hanwin as to HK\$5,500,000 on or before 30 April 2005 and HK\$93,500,000 on or before 29 July 2005.

The Sham Shui Po Property Vendor is a property investment company. The Directors confirm that, to the best of their knowledge, information and belief and having made all reasonable enquiry, the Sham Shui Po Property Vendor and its ultimate beneficial owners (if any) are Independent Third Parties who are not connected persons (as defined in the Listing Rules) of the Company.

In view that Hanwin had entered into the Provisional Agreement in respect of the Sham Shui Po Property for an aggregate Hanwin Consideration of HK\$110,000,000, which is determined based on the value of the Sham Shui Po Property, as estimated based on the Group's property assessment expertise which considers such Hanwin Consideration to be the market price in the area adjacent to the Sham Shui Po Property, and that such Hanwin Consideration has been negotiated on an arm's length basis and agreed on normal commercial terms between Hanwin and the Sham Shui Po Property Vendor, the Company entered into the Hanwin Acquisition Agreement to acquire Hanwin from Mr. Tang, with no profit made or accrued to either parties, with the purpose of ultimately having interests in the Sham Shui Po Property. Independent valuation on the Sham Shui Po Property will be conducted in due course and will be set out in the circular to be despatched to the Shareholders. No adjustment will be made to the Hanwin Consideration in the event of any difference between the Hanwin Consideration of HK\$110,000,000 and the independent valuation of the Sham Shui Po Property. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiry, the Sham Shui Po Property's current uses as a residential and/or commercial building should remain unchanged at the time of Completion.

The Directors (including the independent non-executive Directors) confirm that the Hanwin Acquisition was negotiated on an arm's length basis and agreed on normal commercial terms between the parties and that the terms of the Hanwin Acquisition Agreement are fair and reasonable so far as the Shareholders are concerned, and are of the view that Hanwin has acquired the Sham Shui Po Property at fair market price and therefore consider that the Hanwin Acquisition is in the interest of the Company and the Shareholders as a whole.

## **(II) ACQUISITION OF YUEN LONG PROPERTY ACQUISITION**

### **The Yuen Long Property Acquisition Agreement**

**Date of Execution:** 16 March 2005

<b>Parties:</b>	(i) Yuen Long Property Purchaser:	Champford Investment Limited, an investment holding company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company, as a purchaser and
	(ii) Yuen Long Property Vendor:	an individual who is an Independent Third Party, as a vendor

**Yuen Long Property (for commercial use):** Address: Ground Floor  
No. 170 Castle Peak Road  
(Section A of Lot No. 3705 IN DD120)  
Yuen Long, New Territories

Gross floor area: Approximately 2,260 square feet

**Yuen Long Consideration:** The Yuen Long Consideration of HK\$35,000,000 was agreed after arm's length negotiations between the Yuen Long Property Vendor and the Yuen Long Property Purchaser by reference to the current market value of properties for commercial use in the market in the Yuen Long area and shall be payable in cash as follows:

- (i) HK\$1,700,000 on the signing of the Yuen Long Property Agreement;
- (ii) HK\$1,800,000 on the signing of the formal agreement for sale and purchase; and
- (iii) the balance of HK\$31,500,000 upon completion.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Yuen Long Property Vendor is an Independent Third Party who is independent and not being a connected person (as defined in the Listing Rules) of the Company.

**Terms:** The Yuen Long Property Vendor and the Yuen Long Property Purchaser will enter into a formal agreement for sale and purchase of the Yuen Long Property on or before 29 March 2005. Completion of the sale and purchase shall take place on or before 31 May 2005.

The Yuen Long Property Vendor agrees to sell and the Yuen Long Property Purchaser agrees to purchase the Yuen Long Property subject to the Yuen Long Property Purchaser being satisfied that the terms of the new renewal tenancy (the final terms of which are still being settled) will be as follows:

- (i) the new renewal tenancy to begin on 1 April 2005 and expire on 31 March 2008;
- (ii) the rent receivable per month under the new renewal tenancy to be HK\$168,000 exclusive of rates, Government rent and management fees, and
- (iii) the tenant having an option to renew for a further two years at the prevailing market rental price at the time.

The rent receivable per month under the existing tenancy, which will expire on 31 March 2005, is HK\$140,000 exclusive of rates, Government rent and management fees.

If the final terms of the new renewal tenancy are different from the above, the Yuen Long Property Purchaser is entitled to cancel the Yuen Long Property Acquisition Agreement and the deposit will be refunded, without interest, to the Yuen Long Property Purchaser from the Yuen Long Property Vendor forthwith.

The Yuen Long Property is to be sold to the Yuen Long Property Purchaser by the Yuen Long Property Vendor free from encumbrances.

### **Reasons for the Yuen Long Property Acquisition**

Having regard to the upturn of the Hong Kong economy and the property market, the Directors consider the terms of the Yuen Long Property Acquisition Agreement are fair and reasonable and the Yuen Long Property Acquisition is in the interest of the Shareholders as a whole.

The Yuen Long Property Acquisition will be funded by the Group's internal resources and bank financing.

### **(III) GENERAL**

The Group is principally engaged in the property development and property investment management and sub-licensing of Chinese wet markets, shopping centres and car parks. 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 arising from the acquisition of the Sham Shui Po Property in Hong Kong and perceive investment potentials arising from the acquisition of the Yuen Long Property for sale and/or lease.

Mr. Tang is the chairman and managing director of the Company, and is therefore a connected person (as defined in the Listing Rules) of the Company. The Hanwin Acquisition constitutes a major and connected transaction under Rule 14.06(3) and Rule 14A.13(1)(a) of the Listing Rules and therefore Completion is subject to the relevant disclosure requirements and 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 Hanwin Acquisition.

The Yuen Long Property Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

A circular containing, amongst other things, further information relating to the Hanwin Acquisition and the Yuen Long Property Acquisition, the accountants' report on Hanwin, a valuation report on the Sham Shui Po Property, 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 as soon as practicable.

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

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

#### **(IV) SUSPENSION AND RESUMPTION OF TRADING**

Trading in shares in the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 21 March 2005 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 23 March 2005.

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:

“associates”	has the meaning ascribed thereto in the Listing Rules
“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 Hanwin Acquisition pursuant to the Hanwin Acquisition Agreement
“Directors”	the directors of the Company
“Formal Agreement”	the formal agreement to be entered into by Hanwin with the Sham Shui Po Property Vendor in relation to the sale and purchase of the Sham Shui Po Property Vendor
“Group”	the Company and its subsidiaries
“Hanwin”	Hanwin Investment Limited, a company incorporated in Hong Kong and wholly and beneficially owned by Mr. Tang
“Hanwin Acquisition”	the sale and purchase of the entire issued share capital and shareholder’s loan of Hanwin pursuant to the Hanwin Acquisition Agreement
“Hanwin Acquisition Agreement”	the conditional agreement dated 18 March 2004 entered into between Suitbest, Mr. Tang and Hanwin in relation to the Hanwin Acquisition
“Hanwin Consideration”	the consideration for the Hanwin Acquisition to be paid in the manner of payment are set out in the section headed “The Hanwin Acquisition Agreement” in this announcement
“Independent Third Party”	an independent third party not connected with the Company and its connected persons as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Tang”	Mr. Tang Ching Ho, the chairman and managing director of the Company
“Provisional Agreement”	the provisional agreement entered into by Hanwin with the Sham Shui Po Property Vendor on 17 March 2005 in relation to the sale and purchase of the Sham Shui Po Property
“Sham Shui Po Property”	a 18-storey building, amongst which 16 storeys are currently intended for sale and rental for residential purposes and 2 storeys are currently intended for sale and rental for commercial purposes, located at No. 58 Yen Chow Street, Sham Shui Po, Kowloon, Hong Kong
“Sham Shui Po Property Vendor”	Chueyine Co. Ltd., a company incorporated in Hong Kong
“SGM”	the special general meeting of the Company to be convened to approve the Hanwin Acquisition Agreement and other transactions contemplated in or incidental to the Hanwin Acquisition Agreement
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suitbest”	Suitbest Investments Limited, a company incorporated in British Virgin Islands and a wholly-owned subsidiary of the Company
“Yuen Long Consideration”	the consideration for the Yuen Long Property Acquisition to be paid in the manner of payment are set out in the section headed “The Yuen Long Property Acquisition Agreement” in this announcement
“Yuen Long Property”	Ground Floor, No. 170 Castle Peak Road (Section A of Lot No. 3705 IN DD120) Yuen Long, New Territories
“Yuen Long Property Acquisition”	the acquisition of the Yuen Long Property pursuant to the Yuen Long Property Acquisition Agreement
“Yuen Long Property Acquisition Agreement”	the provisional agreement for sale and purchase entered into between as the Yuen Long Property Purchaser and the Yuen Long Property Vendor on 16 March 2005 relating to the Yuen Long Property Acquisition
“Yuen Long Property Purchaser”	Champford Investment Limited. an investment holding company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Yuen Long Property Vendor”	the vendor to the Yuen Long Property Acquisition Agreement, an individual who is an Independent Third Party

“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, 22 March 2005

\* *For identification purpose only*

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