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If you have sold or transferred all your shares in Wang On Group Limited, you should at once hand this circular to the purchaser or transferee, or to the bank, licensed dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF PROPERTY

* *For identification purpose only*

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DEFINITIONS

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

“Acquisition”	the acquisition of the Property
“associates”	as defined in the Listing Rules
“Beneficial Owners”	persons who shall execute the Assignment of the Property pursuant to the Provisional Agreement, and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Beneficial Owners are Independent Third Parties
“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
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	(an) independent third party(ies) who are not connected with the Company and its connected person (as defined in the Listing Rules)
“Latest Practicable Date”	20 July 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yau” or “Vendor”	Yau (or Yao) Chun (or Cheong) Shun alias Yau (or Yao) Kin as surviving Administrator of the estate of Yau Chung (or Tsung) Hing alias Yau Fuk (or Fook) deceased
“Property”	All that the whole building erected on The Remaining Portion of New Kowloon Inland Lot No. 1069 where is also known as Nos. 270 - 274 Cheung Sha Wan Road, Kowloon, Hong Kong
“Provisional Agreement”	the provisional agreement dated 5 July 2005 entered into between the Purchaser and the Vendor for the sale and purchase of the Property

DEFINITIONS

“Purchaser”	Faithful World Investment Limited, a wholly-owned subsidiary of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code : 1222)

Executive Directors:

Mr. Tang Ching Ho

(Chairman and Managing Director)

Ms. Yau Yuk Yin (Deputy Chairman and

Deputy Managing Director)

Mr. Chan Chun Hong, Thomas

Registered Office:

Clarendon House

2 Church Street

41 Cedar Avenue

Hamilton HM 11

Bermuda

Independent Non-executive Directors:

Dr. Lee Peng Fei, Allen, CBE, JP

Mr. Wong Chun, Justein, MBE, JP

Dr. Siu Yim Kwan, Sidney, S.B. St. J.

Mr. Siu Kam Chau

Head Office and principal

place of business:

5th Floor

Wai Yuen Tong Medicine Building

9 Wang Kwong Road

Kowloon Bay

Kowloon

Hong Kong

22 July 2005

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

The Directors announced on 5 July 2005 the Purchaser and the Vendor entered into the Provisional Agreement for the sale and purchase of the Property with a consideration of HK\$75,000,000.

The transaction contemplated under the Provisional Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information on the Acquisition.

THE PROVISIONAL AGREEMENT

Date : 5 July 2005

Vendor : Mr. Yau

* For identification purpose only

LETTER FROM THE BOARD

- Purchaser : Faithful World Investment Limited, a wholly-owned subsidiary of the Company
- Property : All that the whole building erected on The Remaining Portion of New Kowloon Inland Lot No. 1069 where is also known as Nos. 270 - 274 Cheung Sha Wan Road, Kowloon, Hong Kong, with a site area of approximately 4,200 square feet. The Property obtained the occupation permit in 1961 and is a residential and commercial 6-storey building.
- Consideration : HK\$75,000,000

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

Terms of the payment

- (a) HK\$2,000,000 as initial deposit which was paid by the Purchaser to the Vendor's solicitors upon signing of the Provisional Agreement.
- (b) HK\$8,000,000 as further deposit which was paid by the Purchaser to the Vendor's solicitors on 14 July 2005.
- (c) HK\$65,000,000 as the remaining balance of the consideration which will be paid on the completion date of the Acquisition, on or before 20 December 2005 or such later date if the completion date of the Acquisition is extended.

Vacant possession of approximately 35% of the Property will be given to the Purchaser whereas approximately 65% of the Property will still be subject to tenancies upon completion. Upon the Purchaser paying the further deposit on 14 July 2005, the Vendor shall within 10 days thereof issue notice to terminate eight existing domestic tenancies and the termination of such tenancies will take effect twelve months after the issue of the termination notice. For the remaining three commercial tenancies, one signed on 7 November 2003 will expire on 30 November 2005, another one signed on 8 February 2002 will expire on 7 February 2007 and the remaining one signed on 5 May 2003 can be terminated by the Purchaser by giving one month notice to the tenant.

The consideration for the Property was determined after arm's length negotiations between the Vendor and the Purchaser by reference to the market value of similar properties in the nearby location.

Conditions precedent

The Vendor covenants and undertakes to the Purchaser the fulfillment of the following conditions (unless waived by the Purchaser) precedent to completion of the Acquisition:

- (a) to procure all Beneficial Owners to execute the Assignment in favour of the Purchaser; and
- (b) to comply with an existing Building Order No. UBZ/U22/0901/04.

LETTER FROM THE BOARD

Completion

The Acquisition is expected to be completed on or before 20 December 2005.

In the event that the Vendor and/or the Beneficial Owners fail to fulfill the conditions by the original completion date on 20 December 2005, the completion date shall be automatically extended for a period of six months to 20 June 2006. In the event that the conditions shall be fulfilled during the said extension period, the Vendor shall forthwith give written notice to the Purchaser and the Purchaser's solicitors to that effect requiring the Purchaser to complete the Acquisition within 60 days from the date of receipt of such notice. However, if the Vendor and/or the Beneficial Owners still fail to fulfill the conditions by 20 June 2006, the Purchaser shall have the option to elect by not less than 7 days' notice to the Vendor, either to complete the purchase of the Property upon the same terms and conditions of the Provisional Agreement or to cancel the Provisional Agreement whereupon, the Vendor shall forthwith refund all the deposit(s) and part payment(s) paid by the Purchaser pursuant to the terms thereof without any interest cost or compensation.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF THE PROPERTY

The Group is principally engaged in property development and property investment, the management and sub-licensing of Chinese wet markets, shopping centres and car parks and retail business. 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 believe that the Acquisition represents an investment opportunity for the Group and enhancing its property portfolios. The Board currently intends to demolish and to redevelop the Property into a new commercial/residential building. The Acquisition was funded as to approximately 50% by internal resources of the Group and 50% by bank financing. Upon completion, the Group's fixed assets will increase while current assets will decrease in proportion to the amount of the aggregate consideration funded from internal resources and liabilities will increase in the proportion to the amount of the aggregate consideration funded from bank borrowings. There is no material effect from the Acquisition on the earnings of the Company.

The Directors are of the view that the Acquisition is in the interest of the Company and the terms of the Provisional Agreement are on normal commercial terms, which are fair and reasonable as far as the Shareholders are concerned.

Yours faithfully,
For and on behalf of
Wang On Group Limited
Tang Ching Ho
Chairman and Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director or chief executive of the Company in the 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 referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, were as follows:

Interests in Shares

Name of Director	Number of Shares held, capacity and nature of interest				Total	Percentage of the Company's issued share capital
	Personal Interest	Family Interest	Corporate interest	Other interest		
Mr. Tang Ching Ho	614,355	614,354 <i>(Note (a))</i>	2,247,227 <i>(Note (b))</i>	24,243,463 <i>(Note (c))</i>	27,719,399	15.99
Ms. Yau Yuk Yin	614,354	2,861,582 <i>(Note (d))</i>	–	24,243,463 <i>(Note (e))</i>	27,719,399	15.99

Notes:

- (a) Mr. Tang Ching Ho was taken to be interested in those Shares in which his spouse, Ms. Yau Yuk Yin, was interested.
- (b) Mr. Tang Ching Ho was taken to be interested in those Shares in which Caister Limited, a company which is wholly and beneficially owned by him, was interested.
- (c) Mr. Tang Ching Ho was taken to be interested in those Shares by virtue of being the founder of a discretionary trust, namely Tang's Family Trust.
- (d) Ms. Yau Yuk Yin was taken to be interested in those Shares in which her spouse, Mr. Tang Ching Ho, was interested.
- (e) Ms. Yau Yuk Yin was taken to be interested in those Shares by virtue of being a beneficiary of Tang's Family Trust.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning 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 any interests and short positions which he was 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 referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Name	Number of Shares held	Percentage of the Company's issued share capital
Accord Power Limited	24,243,463	13.98
Trustcorp Limited (<i>Note</i>)	24,243,463	13.98

Note: Accord Power Limited is wholly-owned by Trustcorp Limited in its capacity as the trustee of Tang's Family Trust; accordingly, Trustcorp Limited was taken to be interested in those Shares held by Accord Power Limited.

Save as disclosed above, according to the register of interests kept by the Company under section 336 of the SFO and so far as is known to the Directors, as at the Latest Practicable Date, no other person (not being a Director or chief executive of the Company) had any interest or short position in Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or their respective associates had any interest in a business, which competes or may compete with the business of the Group.

5. 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 was known to the Directors to be pending or threatened by or against any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation other than statutory compensation).

7. GENERAL

- (a) The secretary of the Company is Mr. Chan Chun Hong, Thomas. He is a fellow member of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (b) The qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Mr. Leong Weng Kin, CPA.
- (c) The branch share registrar of the Company in Hong Kong is Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.