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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 – DISPOSAL OF PROPERTY

On 26 May 2006, the Vendor entered into the Provisional Agreement with the Purchaser, an Independent Third Party, to dispose of the Property at the consideration of HK\$78.0 million.

The Disposal contemplated under the Provisional Agreement constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, details of the Disposal will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

#### THE PROVISIONAL AGREEMENT

**Date:**

26 May 2006

**Parties:**

**Vendor:** Lica Parking Company Limited, a subsidiary owned as to 99.02% by the Company, which is in the capacity of a confirmor in the Disposal

**Purchaser:** Honest Regent Ltd. or its nominees, which and whose ultimate beneficial owners are Independent Third Parties. Its principal activity is investment holdings

**Property:**

**Address:** Ground Floor, No. 30 Haiphong Road, Kowloon, Hong Kong

**Gross floor area:** approximately 938 sq.ft.

**Consideration:**

The consideration of HK\$78.0 million was agreed after arm's length negotiations between the parties having taken into consideration the current market value of similar properties for commercial use in areas adjacent to the Property.

HK\$2.0 million have been paid on the signing of the Provisional Agreement as initial deposit and the balance shall be payable in cash as follows:

- (i) a second deposit of HK\$5.8 million on or before 26 June 2006 being the date of signing of the formal agreement for sale and purchase of the Property; and
- (ii) the remaining balance of HK\$70.2 million upon the completion of the transaction.

**Principal terms:**

- The Purchaser agreed to acquire the Property subject to the Tenancy Agreement which will expire on 31 August 2007. The monthly rent (exclusive of rates and management fee) receivable under the Tenancy Agreement amounts to HK\$320,000.

The Vendor and the Purchaser agreed that the rental deposit of HK\$1.28 million paid by the tenant to the landlord be deducted from the balance of the consideration for the Disposal, and the Purchaser shall provide a letter of indemnity to the Vendor upon completion of the Disposal regarding the refund of such rental deposit upon termination of the Tenancy Agreement.

- The Vendor and the Purchaser agreed to enter into a formal agreement for sale and purchase of the Property on 26 June 2006. Completion of the Disposal shall take place on or before 28 February 2007.
- In consideration of the services rendered by the property agent, the property agent shall receive commission in the amount of HK\$390,000 from the Vendor and Purchaser respectively. In the event that the Disposal cannot be completed due to the breach by the Purchaser or the Vendor of their obligations under the Provisional Agreement, the defaulting party shall be responsible for an immediate cash compensation of HK\$780,000 payable to the property agent.

**REASONS FOR THE DISPOSAL**

The Group is principally engaged in property development, property investment, 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 of Hong Kong Limited.

Having regard to the recent improvement in the Hong Kong economy and the property market, the Directors consider that the terms of the Disposal are fair and reasonable and are in the best interests of the Company and its shareholders as a whole.

The Property was acquired by the Group on 18 May 2004 at a cost of approximately HK\$58.5 million (including the expenses of approximately HK\$2.5 million incurred in conjunction to such acquisition) from an Independent Third Party. The unaudited net book value of the Property as at 30 September 2005 amounted to HK\$74.0 million. Such unaudited net book value of the Property has taken into account a revaluation surplus of approximately HK\$15.5 million which is based on a valuation conducted by Savills (Hong Kong) Limited, an independent professional valuer, and have been reflected as realized profits of the Group. Based on the unaudited net book value of the Property as at 30 September 2005, the gain on disposal of the Property before taxation, after deducting relevant expenses of approximately HK\$0.6 million, amounts to approximately HK\$3.4 million.

**USE OF PROCEEDS FROM THE DISPOSAL**

The estimated net proceeds from the Disposal of approximately HK\$76.1 million are intended for the repayment of bank loan of approximately HK\$32.5 million and as to the remaining balance of approximately HK\$43.6 million for the general working capital of the Group.

## GENERAL

The Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, details of the Disposal will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

## DEFINITIONS

“Board”	the board of Directors
“Company”	Wang On Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on The Stock Exchange of Hong Kong Limited
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property pursuant to the Provisional Agreement
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	independent third party(ies) who, to the best of knowledge, information and belief having made all reasonable enquiry of the Directors, are 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 of Hong Kong Limited
“Property”	Ground Floor, No. 30 Haiphong Road, Kowloon, Hong Kong
“Provisional Agreement”	the provisional sale and purchase agreement entered into between the Purchaser and the Vendor in relation to the disposal of Ground Floor, No. 30 Haiphong Road, Kowloon, Hong Kong
“Purchaser”	Honest Regent Ltd. or its nominees, which and whose ultimate beneficial owners are Independent Third Parties
“Shareholders”	shareholders of the Company
“Tenancy Agreement”	the tenancy agreement dated 17 August 2005 entered into between China Coin Management Limited (“China Coin”), being the wholly-owned subsidiary of the Company, as landlord to the Property and X Design Factory Limited, being an Independent Third Party, as tenant to the Property. China Coin entered into an agreement with the Vendor on 3 September 2005 pursuant to which China Coin agreed to dispose of the Property to the Vendor
“Vendor”	Lica Parking Company Limited, a subsidiary owned as to 99.02% by the Company

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

“sq.ft.” square feet

By Order of the Board  
**Wang On Group Limited**  
**Tang Ching Ho**  
*Chairman*

Hong Kong SAR, 29 May 2006

*\* For identification purpose only*

*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.*

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