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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 – FORMATION OF A JOINT VENTURE COMPANY

The Board wishes to announce that Century Choice, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Yulin Market, an independent third party, on 8 December 2006, pursuant to which Century Choice will set up a sino-foreign co-operative joint venture company with Yulin Market.

The Joint Venture Company will be principally engaged in the development, operations and management of the agricultural by-products wholesaling marketplace and related facilities, and sales and rental of properties. The total investment of the Group in the Joint Venture Company amounts to RMB76,230,000, to which Century Choice will contribute RMB59,430,000. The formation of the Joint Venture Company constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules. A circular containing further information on the establishment of the Joint Venture Company and other information required to be disclosed pursuant to the Listing Rules will be despatched to the Shareholders as soon as possible.

JOINT VENTURE AGREEMENT

Date: 8 December 2006

Parties: Century Choice, a wholly-owned subsidiary of the Company

Yulin Market, which together with its ultimate beneficial owners, to the best of Directors' knowledge, information and belief having made all reasonable enquires, are third parties independent of the Company and its connected persons (as defined under the Listing Rules)

Major Terms:

Registered capital and capital contribution: RMB76,230,000 (approximately HK\$75,720,000), of which RMB59,430,000 (approximately HK\$59,035,000) will be contributed by Century Choice and RMB16,800,000 (approximately HK\$16,688,000) will be contributed by Yulin Market. The amount of capital contribution is determined with reference to, among other things, the estimated funding requirement for the Joint Venture Company to undertake the Project.

Capital contribution by Century Choice:

Cash payment of RMB20,800,000 (approximately HK\$20,662,000) within one month from the issue date of business licence of the Joint Venture Company with the remaining balance of RMB38,630,000 (approximately HK\$38,373,000) to be paid within six months from the issue date of business licence of the Joint Venture Company.

The capital contribution by Century Choice will be funded by internal resources and/or bank borrowing of the Group.

Capital contribution by Yulin Market:

Cash payment of RMB16,800,000 (approximately HK\$16,688,000) within two months from the issue date of construction permit of the project to be undertaken by the Joint Venture Company.

Yulin Market also undertakes to close its agricultural by-products marketplaces at 玉林市中秀路271號(Yulin City, Zhong-Xiu Road 271)[#] and 玉林市一環北路東側(Yulin City, Yi-Huan North, East Wing)[#].

Term: 40 years from the date of issue of the business licence of the Joint Venture Company and to be extended subject to approval of the relevant authorities in the PRC.

Business/Project: Development, operations and management of the agricultural by-products wholesaling marketplace and related facilities, and sales and rental of properties.

The wholesaling marketplace under the Project is to be situated at 廣西壯族自治區玉林市二環北路南側(Guangxi Zhuang Autonomous Region, Yulin City, Er-Huan North, South Wing)[#], 清甯路延線東側和民主北路西側(Chini Road, Yan-Xian, East Wing and Min-Zhu Road North, West Wing)[#] with a site area of about 306,663.6 m² and a total gross floor area of about 215,080 m² including shops area of 175,612 m², covered trading area of 14,000 m², warehouse area of 14,520 m², cold storage area of 6,900 m² with capacity of 3,000 tonnes, the parking lot and the driveway etc.

Salient co-operative terms: Century Choice will be responsible for contributing capital to the Joint Venture Company and introducing, adopting and carrying out the advanced Hong Kong management system to develop, operate and manage the agricultural by-products wholesaling marketplace under the Project.

Yulin Market will be responsible for assisting the Joint Venture Company in the establishment of the Joint Venture Company, including obtaining consent, approval and permit from the relevant PRC authorities for amongst other things the land use right for the land required for the Project and certificate of incorporation and business licence, and procuring the necessary fixtures and facilities for the Project.

Profit sharing ratio: The profit sharing of the Joint Venture Company by Century Choice and Yulin Market will be 65% and 35% respectively.

In the event that there is any delay or default in the injection of the required capital contribution by either Century Choice or Yulin Market, the parties respective profit sharing ratio will be adjusted in accordance with the provision in the Joint Venture Agreement.

Composition of the board: The board of directors of the Joint Venture Company will consist of five members, three to be appointed by Century Choice and two to be appointed by Yulin Market. The term of their appointment is three years. The chairman of the Joint Venture Company will be appointed by Century Choice.

REASONS FOR THE FORMATION OF THE JOINT VENTURE COMPANY

The Group is principally engaged in property development, property investment, management and sublicensing of wet markets, shopping centres, car parks and retail business in Hong Kong. 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. Yulin Market is principally engaged in agricultural by-products wholesaling marketplace in Yulin City, PRC.

The Group is one of the leading wet markets operators in Hong Kong whereas its PRC joint venture partner, Yulin Market, is one of the largest agricultural by-products wholesaling marketplace operator in Yulin, the PRC. Having regard to the business opportunities and sustained growth of economy in the PRC, the Directors are of the view that by establishing the Joint Venture Company with Yulin Market, the Group can leverage the business network of Yulin Market in the PRC and its strength in managing wet market, and tap into the agricultural by-products wholesaling market in the PRC in an effective and economical way. In addition, there is a geographical advantage in the location of the wholesaling marketplace where the planting areas of the agricultural products are close in distance to the wholesaling marketplace. As such, the Board considers that the establishment of the Joint Venture Company is consistent with the Company's business strategy and that it would be a competitive advantage to the Group in developing agricultural by-products wholesaling marketplace at the location of Yulin, the PRC.

The Board considers that the Joint Venture Agreement is on a normal commercial terms and fair and reasonable and the formation of the Joint Venture Company is in the interest of the Company and the Shareholders as a whole.

GENERAL

The formation of the Joint Venture Company constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules. A circular containing further information on the establishment of the Joint Venture Company and other information required to be disclosed pursuant to the Listing Rules will be despatched to the Shareholders as soon as practicable.

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, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of directors of the Company
“Century Choice”	Century Choice Limited, a company incorporated in Hong Kong, is a direct wholly-owned subsidiary of the Company
“Company”	Wang On Group Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture Agreement”	an agreement dated 8 December 2006 entered into between Century Choice and Yulin Market in relation to the formation of the Joint Venture Company
“Joint Venture Company”	the joint venture company, namely 玉林宏進農副產品批發市場有限公司 (Yulin Hong-Jin Agricultural By-products Wholesale Marketplace Limited) [#] , to be established pursuant to the Joint Venture Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Shareholder(s)”	Holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yulin Market”	玉林市市場開發服務中心(Yulin Market Development Service Centre)#, a company registered in the PRC
“%”	per cent
“sq. m”	square meter(s)

By Order of the Board
Wang On Group Limited
Chan Chun Hong, Thomas
Managing Director

Hong Kong, 8 December 2006

* *For identification purpose only*

In this announcement, conversion of HK\$ into RMB is based on the exchange rate of HK\$1.00 = RMB1.0067

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