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WANG ON GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

DISCLOSEABLE TRANSACTION INJECTION OF CAPITAL IN XUZHOU YUAN YANG TRADING DEVELOPMENT COMPANY LIMITED#

The Board wishes to announce that, Fully Wealth, an indirect wholly-owned subsidiary of the Company, entered into the Shareholder Agreement on 26 January, 2007 with Xuzhou Cooperative, Shanghai Logistic, Mr. Li, Yuan Yang and Xuzhou Agricultural pursuant to which Fully Wealth conditionally agreed to inject capital in an aggregate of RMB35,700,000 (equivalent to approximately HK\$35,462,000) in cash to Yuan Yang as to RMB31,220,000 (equivalent to approximately HK\$31,012,000) as registered capital of Yuan Yang and RMB4,480,000 (equivalent to approximately HK\$4,450,000) as contribution to the capital reserves of Yuan Yang.

Upon completion of the Capital Injection, each of Fully Wealth, Xuzhou Cooperative, Shanghai Logistic and Mr. Li will be interested in 51%, 21.23%, 19.6% and 8.17% of the enlarged registered capital of Yuan Yang respectively and Yuan Yang will be converted from a PRC domestic company into a Sino-foreign equity joint venture and will become an indirect non-wholly-owned subsidiary of the Company. The Board considered that the Shareholder Agreement was entered into on the normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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

THE SHAREHOLDER AGREEMENT

Date

26 January, 2007

Parties involved

- (a) Fully Wealth
- (b) Xuzhou Cooperative
- (c) Shanghai Logistic
- (d) Mr. Li
- (e) Yuan Yang
- (f) Xuzhou Agricultural

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of Xuzhou Cooperative, Shanghai Logistic, Mr. Li and Xuzhou Agricultural and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

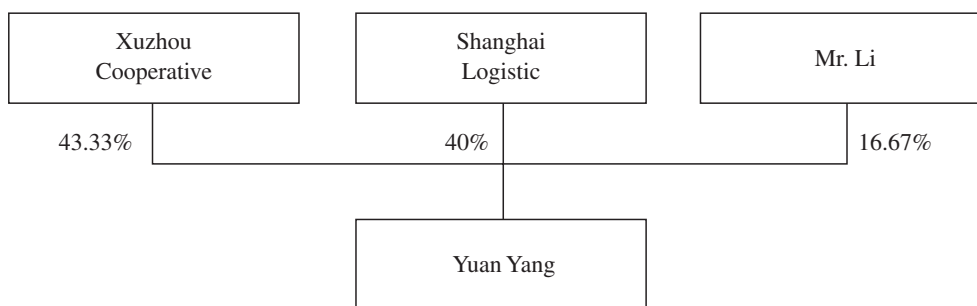
Capital Injection

Pursuant to the Shareholder Agreement, each of Xuzhou Cooperative, Shanghai Logistic and Mr. Li agreed that the registered capital of Yuan Yang be increased from RMB30,000,000 (equivalent to approximately HK\$29,800,000) to RMB61,220,000 (equivalent to approximately HK\$60,812,000) by the injection of RMB31,220,000 (equivalent to approximately HK\$31,012,000) in cash to its registered capital by Fully Wealth. Fully Wealth will contribute a further RMB4,480,000 (equivalent to approximately HK\$4,450,000) in cash to the capital reserves of Yuan Yang.

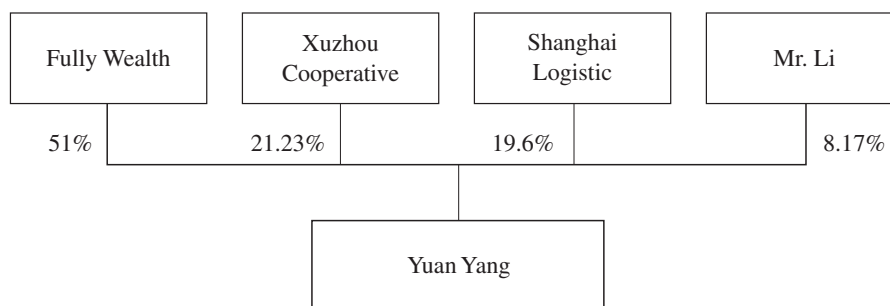
Shareholdings of Yuan Yang

The following corporate charts illustrate the respective shareholdings of Yuan Yang before and immediately after completion of the Capital Injection:

Before completion of the Capital Injection:



Immediately after completion of the Capital Injection:



Upon completion of the Capital Injection, Yuan Yang will be converted from a PRC domestic company into a Sino-foreign equity joint venture.

Consideration for the Capital Injection

The total amount of the Capital Injection is RMB35,700,000 (equivalent to approximately HK\$35,462,000) of which RMB31,220,000 (equivalent to approximately HK\$31,012,000) will be contributed to the registered capital of Yuan Yang and RMB4,480,000 (equivalent to approximately HK\$4,450,000) will be contributed to the capital reserves of Yuan Yang. The amount of the Capital Injection was determined after arm's length negotiations between the parties involved with reference to the enlarged registered capital of Yuan Yang under the Capital Injection. The Board considered that the Shareholder Agreement was entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Payment terms

Pursuant to the Shareholder Agreement, the total amount of the Capital Injection of RMB35,700,000 (equivalent to approximately HK\$35,462,000) will be paid in cash in the following manner:

- (a) a sum of RMB20,000,000 (equivalent to approximately HK\$19,867,000) will be paid as first instalment within fourteen Working Days upon fulfillment of the conditions precedent of the Shareholder Agreement contained therein; and
- (b) the remaining balance of RMB15,700,000 (equivalent to approximately HK\$15,595,000) will be paid within six months upon fulfillment of the conditions precedent of the Shareholder Agreement contained therein.

The Board intends to finance the Capital Injection by the Group's internal resources.

Conditions precedent

The Shareholder Agreement is conditional upon, among other things, all of the conditions precedent contained therein being fulfilled on or before 30 June, 2007 (or such later date as Fully Wealth may agree for extension), or unless otherwise waived by Fully Wealth. The following is a summary of the conditions precedent contained in the Shareholder Agreement:

- (a) written resolutions being passed by the board of directors and the shareholders' meeting of Yuan Yang for the approval of the Shareholder Agreement, the conversion of Yuan Yang from a PRC domestic company into a Sino-foreign equity joint venture, the Sino-foreign equity joint venture agreement and articles of association of Yuan Yang, the appointment of certain individuals nominated by Fully Wealth to be the directors and legal representative of Yuan Yang;
- (b) the delivery of all necessary certified permissions and approvals in respect of the registration of the change of shareholding structure of Yuan Yang, the conversion of Yuan Yang from a PRC domestic company into a Sino-foreign equity joint venture, and the Sino-foreign equity joint venture agreement and articles of association of Yuan Yang being obtained from the Ministry of Commerce of the PRC and the relevant PRC governmental authorities to Fully Wealth;
- (c) evidence being provided by Yuan Yang that an application regarding the transfer of the land use right of a parcel of land with an area of approximately 28.9 Chinese Mu which currently owned by Xuzhou Agricultural ("Land A") has been filed to the relevant PRC land resources administration authorities;
- (d) evidence being provided by the Existing Shareholders and Yuan Yang that all necessary consents and approvals being obtained from Xuzhou City Government and the relevant land resources administration authorities in Xuzhou regarding the transfer of the land use right of a parcel of land with an area of approximately 236 Chinese Mu ("Land B") to Yuan Yang;
- (e) a confirmation being provided by Xuzhou Agricultural that Yuan Yang will be able to continue to use Land B until the obtaining of the respective land use rights from the relevant PRC land resources administration authorities; and
- (f) evidence being provided by Yuan Yang that there has a total of 249 tenants in the agricultural by-products wholesaling market that Yuan Yang has been operating (namely 徐州農副產品中心批發市場 (Centre for Xuzhou Agricultural By-Products Wholesaling Market)[#]) which located in Xuzhou, the PRC as at 31 December, 2006.

Termination and refund of payment

Fully Wealth is entitled to terminate the Shareholder Agreement and refund of payment upon occurrence of, among other things, the following events:

- in the event that Xuzhou Agricultural and Yuan Yang fail to obtain the ownership of the land use rights for Land A in accordance with the terms of the Shareholder Agreement from the relevant PRC land resources administration authorities on or before 31 October, 2007 (or unless otherwise waived by Fully Wealth), Fully Wealth shall be entitled to terminate the Shareholder Agreement and Yuan Yang shall unconditionally refund all monies paid by Fully Wealth together with the interest calculated at the prevail People's Bank of China lending rate plus 2% per annum within twelve months from the date of termination of the Shareholder Agreement; or
- in the event that Yuan Yang fails to enter into an agreement with the relevant land resources administration authorities in Xuzhou regarding the transfer of the land use right of Land B on or before 31 October, 2007, Fully Wealth shall be entitled to terminate the Shareholder Agreement on or before 31 December, 2007. Yuan Yang will be required to apply with the relevant PRC authorities for the reduction of its registered capital within one month after the date of termination of the Shareholder Agreement as notified by Fully Wealth and Yuan Yang shall unconditionally refund all monies paid by Fully Wealth within twelve months from the date of termination of the Shareholder Agreement.

INFORMATION ON YUAN YANG

Yuan Yang is a company incorporated in the PRC with limited liability on 21 July, 2006 with fully paid-up registered capital of RMB30,000,000 (equivalent to approximately HK\$29,800,000). Yuan Yang is principally engaged in the operation and management of agricultural by-products wholesaling marketplace and related facilities, and rental of properties. Upon completion of the Shareholder Agreement, the registered capital of Yuan Yang will be RMB61,220,000 (equivalent to approximately HK\$60,812,000).

As at 31 October, 2006, based on Yuan Yang's unaudited management accounts, Yuan Yang recorded a net asset value of approximately RMB29,970,000 (equivalent to approximately HK\$29,770,000). Based on Yuan Yang's unaudited management accounts for the period commencing from 21 July 2006 to 31 October 2006, Yuan Yang recorded (i) a turnover of approximately RMB4,250,000 (equivalent to approximately HK\$4,220,000); and (ii) an unaudited net loss of approximately RMB58,000 (equivalent to approximately HK\$57,600). Pursuant to the Shareholder Agreement, the board of directors of Yuan Yang will comprise nine directors, five of whom will be appointed by Fully Wealth and the remaining directors will be appointed by the Existing Shareholders. The chairman and the legal representative will be appointed by Fully Wealth.

Upon completion of the Shareholder Agreement, Yuan Yang will become an indirect non-wholly-owned subsidiary of the Company and the results of Yuan Yang will be consolidated into the Group's financial statements.

REASONS FOR AND THE BENEFITS OF THE CAPITAL INJECTION

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 investment in Wai Yuen Tong Medicine Holdings Limited, a company listed on the Stock Exchange.

The Group is one of the leading wet markets operators in Hong Kong. Reference is made to the Company's circular dated 29 December, 2006 in relation to the formation of a joint venture company in the PRC, the Group has started to expand its business scope to the development and management of agricultural by-products wholesaling marketplace in the PRC. The Board considered that investment in Yuan Yang is the first entry point in the northern part of Eastern China. Besides, there is no similar scale market place in nearby regions (200 km from the existing site). There is also much room of improvement and expansion for the operation of the existing marketplace. By

leveraging the knowledge and experience gained from managing wet markets in Hong Kong, the Group can benefit from gaining more experience in managing the operation of the market place in the PRC and get prepared for the future expansion in the PRC market.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Shareholder Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole.

GENERAL

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

DEFINITIONS

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

“Board”	the board of directors of the Company
“Capital Injection”	the capital injection of RMB35,700,000 of which RMB31,220,000 will be contributed to the registered capital and RMB4,480,000 will be contributed to the capital reserves of Yuan Yang
“Chinese Mu”	approximately 666.67 square metres per one Chinese Mu
“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”	the directors of the Company
“Existing Shareholders”	Xuzhou Cooperative, Shanghai Logistic and Mr. Li
“Fully Wealth”	Fully Wealth Investment Limited (卓利投資有限公司), a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“km”	kilometer(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	李文舉, a shareholder interested in 16.67% of the registered capital of Yuan Yang as at the date of this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Shanghai Logistic”	上海艾涕西國際物流有限公司, (Shanghai Ai Ti Xi International Logistic Company Limited)#, a limited liability company incorporated in the PRC which is principally engaged in the provision of logistic services and a shareholder interested in 40% of the registered capital of Yuan Yang as at the date of this announcement
“Shareholders”	holders of the Shares
“Shareholder Agreement”	a shareholder agreement (in Chinese) dated 26 January, 2007 in relation to the Capital Injection entered into between Fully Wealth, Xuzhou Cooperative, Shanghai Logistic, Mr. Li and Xuzhou Agricultural
“Shares”	shares of nominal value HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Working Days”	a day (other than Saturday) on which banks are open for business in Hong Kong
“Xuzhou Agricultural”	徐州黃淮農副產品有限責任公司 (Xuzhou Huang Huai Agricultural By-Products Company Limited) [#] , a limited liability company incorporated in the PRC and the former operator of 徐州農副產品中心批發市場 (Centre for Xuzhou Agricultural By-Products Wholesaling Market) [#] , principally engaged in the management of agricultural by-products wholesale market
“Xuzhou Cooperative”	徐州市供銷合作總社 (Xuzhou Supply & Sale Cooperative) [#] , an entity established in the PRC which is principally engaged in the provision of integrated services for agricultural development and a shareholder interested in 43.33% of the registered capital of Yuan Yang as at the date of this announcement
“Yuan Yang”	徐州源洋商貿發展有限公司 (Xuzhou Yuan Yang Trading Development Company Limited) [#] , a limited liability company incorporated in the PRC and its registered share capital is owned as to 43.33% by Xuzhou Cooperative, 40% by Shanghai Logistic and 16.67% by Mr. Li as at the date of this announcement
“%”	per cent

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

Hong Kong, 29 January, 2007

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.

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

[#] *denotes English translation of a Chinese company or entity or address and is provided for identification purposes only.*

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