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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wang On Group Limited (the "Company"), you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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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)

PROPOSAL FOR REFRESHMENT OF THE GENERAL MANDATE AND THE REPURCHASE MANDATE

Financial adviser to Wang On Group Limited



SOMERLEY LIMITED

Independent financial adviser to the Independent Board Committee
and the Independent Shareholders

Nuada Limited

A letter of recommendation from the Independent Board Committee to the Independent Shareholders and a letter of advice from Nuada Limited to the Independent Board Committee and the Independent Shareholders on the grant of the New General Mandate are set out on page 9 and pages 10 to 15 of this circular respectively.

A notice convening a special general meeting of the Company to be held at 37th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Wednesday, 18 April 2007 at 10:00 a.m. is set out on pages 20 to 23 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you wish so.

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise specifies, the following expressions have the following meanings:

“associates”	has the same meaning as ascribed to it in the Listing Rules
“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 Main Board of the Stock Exchange
“Convertible Notes”	the convertible redeemable notes, bearing 1% interest payable semi-annually to the holders thereof in an aggregate principal amount of HK\$48,000,000 due on the expiry of a period of three years from the date of issue of such notes, particulars of which are set out in the Company’s announcements dated 7 and 22 February 2005 respectively
“Current General Mandate”	the general mandate approved and granted to the Directors to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolutions at the Last Annual General Meeting
“Current Repurchase Mandate”	the general mandate approved and granted to the Directors to exercise the powers of the Company to repurchase the Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolutions of the Last Annual General Meeting
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all of the four independent non-executive Directors formed for the purpose of advising the Independent Shareholders on the grant of the New General Mandate
“Independent Shareholders”	Shareholders other than Mr Tang Ching Ho and his associates

DEFINITIONS

“Last Annual General Meeting”	the annual general meeting of the Company held on 17 August 2006
“Latest Practicable Date”	28 March 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New General Mandate”	the refreshment of the general mandate proposed to be granted to the Directors at the SGM to allot and issue Shares and other securities representing not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the SGM
“New Repurchase Mandate”	the refreshment of the general mandate proposed to be granted to the Directors at the SGM to exercise the powers of the Company to repurchase the Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the SGM
“Nuada”	Nuada Limited, a licensed corporation under the SFO to conduct Type 6 regulated activity and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the grant of the New General Mandate
“Placings”	the placings made by the Company of an aggregate of 64,500,000 Shares, details of which are set out in the announcement of the Company dated 13 March 2007
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) as amended
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of the Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 3 May 2002

DEFINITIONS

“Share Options”	the options to subscribe for Shares granted under the Share Option Scheme
“SGM”	the special general meeting of the Company to be held at 37th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Wednesday, 18 April 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, approving, among others, the grant of the New General Mandate and the New Repurchase Mandate by the Independent Shareholders and the Shareholders respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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*)

Ms. Yau Yuk Yin (*Deputy Chairman*)

Mr. Chan Chun Hong, Thomas (*Managing Director*)

Independent non-executive Directors:

Dr. Lee Peng Fei, Allen, CBE, JP

Mr. Wong Chun, Justein, MBE, JP

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

Mr. Siu Kam Chau

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head office and principal

place of business:

5th Floor

Wai Yuen Tong Medicine Building

9 Wang Kwong Road

Kowloon Bay

Kowloon

Hong Kong

30 March 2007

*To the Shareholders and, for information only,
holders of the Share Options and the Convertible Notes*

Dear Sir or Madam,

PROPOSAL FOR REFRESHMENT OF THE GENERAL MANDATE AND THE REPURCHASE MANDATE

INTRODUCTION

The purpose of this circular is to provide you with, among others, (i) the details of the New General Mandate and the New Repurchase Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the grant of the New General Mandate; (iii) the advice from Nuada to the Independent Board Committee and the Independent Shareholders on the grant of the New General Mandate; and (iv) the notice of the SGM.

* *For identification purpose only*

LETTER FROM THE BOARD

PROPOSAL FOR GRANT OF THE NEW GENERAL MANDATE AND THE NEW REPURCHASE MANDATE

At the Last Annual General Meeting, the Shareholders approved, among others, ordinary resolutions to grant the Current General Mandate and the Current Repurchase Mandate which enable the Directors (i) to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of the Last Annual General Meeting (equivalent to the aggregate nominal amount of HK\$4,526,888.80 divided into 45,268,888 Shares with nominal value of HK\$0.10 each); and (ii) to exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the Last Annual General Meeting (equivalent to the aggregate nominal amount of HK\$2,263,444.30 divided into 22,634,443 Shares with nominal value of HK\$0.10 each).

On 13 March 2007, the Company announced that it has entered into agreements to issue a total of 64,500,000 Shares to independent placees. As set out in the announcement of the Company dated 13 March 2007, the aggregate net proceeds from the Placings amount to approximately HK\$175.3 million which would be used for (i) financing the development and management of agricultural by-products wholesaling business of the Group in the PRC; and (ii) financing the expansion and development of wet market business both in the PRC and Hong Kong and other potential investment opportunities. The Placings have been completed in two tranches on 22 March 2007 and 28 March 2007 respectively. As the Current General Mandate granted to the Directors has almost been fully used up as a result of the Placings, the Board would like to propose a refreshment of the general mandate to allot and issue Shares at the SGM.

Pursuant to the Current Repurchase Mandate, the Board has repurchased on the Stock Exchange a total of 19,300,000 Shares. As the Current Repurchase Mandate has almost been fully utilised, the Board would like to seek approval from the Shareholders of a refreshment of the general mandate to repurchase Shares at the SGM.

The New General Mandate and the New Repurchase Mandate are to authorize the Directors to (i) allot and issue Shares and other securities representing not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the SGM (such mandate be extended and added by the number of Shares, if any, repurchased by the Company since the grant of the New General Mandate); and (ii) exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the SGM. At the SGM, upon the ordinary resolutions relating to the New General Mandate and the New Repurchase Mandate being approved by the Independent Shareholders and the Shareholders respectively, the Current General Mandate and the Current Repurchase Mandate will be revoked.

As at the Latest Practicable Date, the total number of Shares in issue was 294,178,882 Shares with the nominal value of HK\$0.1 each. Assume no further Shares were/will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the New General Mandate (before taking into account any extension thereof by any repurchased Shares) would enable the Board to issue and allot Shares with

LETTER FROM THE BOARD

an aggregate nominal amount of HK\$5,883,577.60 (currently representing 58,835,776 Shares with the nominal amount of HK\$0.10 each); and the New Repurchase Mandate would enable the Board to repurchase on the Stock Exchange Shares with an aggregate nominal amount of HK\$2,941,788.80 (currently representing 29,417,888 Shares with the nominal amount of HK\$0.10 each).

Since the Last Annual General Meeting, the Current General Mandate and the Current Repurchase Mandate have not been refreshed.

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority to the Directors to issue Shares and repurchase Shares on the market.

The New General Mandate would provide financial flexibility for the Group to conduct any equity financing exercise for future development of the Group should that be required. Repurchases of Shares under the New Repurchase Mandate would, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earning per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

The Company will propose to put the following ordinary resolutions to be considered at the SGM so as to seek approval of the Independent Shareholders that:

- (i) the Directors be granted the New General Mandate to allot and issue Shares and other securities representing not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution; and
- (ii) the New General Mandate be extended to the Shares and other securities that are allowed to be repurchased by the Company since the grant of the New General Mandate.

Upon passing the relevant resolutions at the SGM and assuming no further Shares were/will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed pursuant to the New General Mandate to allot and issue Shares with an aggregate nominal amount not exceeding HK\$5,883,577.60 (currently representing 58,835,776 Shares with the nominal value of HK\$0.10 each), being 20% of the aggregate nominal amount of HK\$29,417,888.20 divided into 294,178,882 Shares with nominal value of HK\$0.10 each expected to be in issue as at the date of passing the resolutions.

Pursuant to the Listing Rules, Mr. Tang Ching Ho and his associates who in aggregate own 57,715,203 Shares, representing approximately 19.62% of the total issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting in respect of the resolutions to be proposed at the SGM to approve the grant of the New General Mandate, where voting shall be taken by way of poll.

LETTER FROM THE BOARD

Please also refer to the appendix to this circular which sets out the information required under Rule 10.06(1) of the Listing Rules relating to the ordinary resolution to be considered at the SGM to grant the New Repurchase Mandate.

INDEPENDENT ADVICE

The Independent Board Committee comprising Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau, all of them being the independent non-executive Directors, has been formed to advise the Independent Shareholders, and Nuada has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the grant of the New General Mandate.

RECOMMENDATION

The Directors are of the opinion that the grant of the New General Mandate and New Repurchase Mandate is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Shareholders are concerned. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions set out in the notice of the SGM contained herein.

In addition, your attention is drawn to the letter from the Independent Board Committee as set out on page 9 of this circular which contains its recommendation to the Independent Shareholders in relation to the grant of the New General Mandate, which was given after the Independent Board Committee has considered the advice of Nuada thereon. The letter from Nuada is set out on pages 10 to 15 of this circular containing the principal factors and reasons it has taken into consideration and its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the grant of the New General Mandate.

SGM

A notice of the SGM is set out on pages 20 to 23 of this circular for the purpose of considering and, if thought fit, approving, among others, the grant of the New General Mandate and the New Repurchase Mandate. A form of proxy for use at the SGM is accompanied with this circular.

Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you wish so.

LETTER FROM THE BOARD

PROCEDURES BY WHICH A POLL MAY BE DEMANDED

Pursuant to the Listing Rules, the resolutions for approving the New General Mandate to be proposed at the SGM shall be taken by way of poll. For the information of the Shareholders, the procedures by which the Shareholders may demand a poll at the SGM are set out below.

Pursuant to Bye-law 66, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

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 in this circular misleading.

CONSENT

Nuada has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter set out therein and reference to its name in the form and context in which they appear respectively.

Yours faithfully,
For and on behalf of the Board
Tang Ching Ho
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the grant of the New General Mandate for the purpose of incorporation in this circular:



WANG ON GROUP LIMITED (宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1222)

30 March 2007

To the Independent Shareholders

Dear Sirs,

PROPOSAL FOR REFRESHMENT OF THE GENERAL MANDATE

We refer to the circular of the Company dated 30 March 2007 (the "Circular") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Nuada has been appointed as the independent financial adviser to advise us and you in this respect.

Having taken into account the principal reasons and factors considered by and the advice of Nuada as set out in its letter of advice to us and you on pages 10 to 15 of the Circular, we are of the opinion that the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the grant of the New General Mandate and the extension thereof.

Yours faithfully,

For and on behalf of the

Independent Board Committee

LEE Peng Fei, Allen
SIU Yim Kwan, Sidney

WONG Chun, Justein
SIU Kam Chau

Independent non-executive Directors

* For identification purpose only

LETTER FROM NUADA

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited dated 30 March 2007 prepared for incorporation in this Circular.

Nuada Limited
7th Floor, New York House
60 Connaught Road Central
Hong Kong

30 March 2007

*To the Independent Board Committee
and the Independent Shareholders of
Wang On Group Limited*

Dear Sirs,

PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES

INTRODUCTION

We refer to the circular to the Shareholders dated 30 March 2007 (the "Circular") issued by the Company and our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed refreshment of general mandate to issue and allot shares of the Company, details of which are set out in the letter from the Board contained in the Circular (the "Letter"). Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Pursuant to Rule 13.36(4) of the Listing Rules, the grant of the New General Mandate of the Company is subject to the approval of the Independent Shareholders by way of poll at the SGM with the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding the independent non-executive Directors) and the chief executive and their respective associates abstain from voting in favour. The Company has no controlling Shareholder as at the Latest Practicable Date. Mr. Tang Ching Ho ("Mr. Tang"), an executive Director, and his associates, who in aggregate owned approximately 19.62% interest of the Company as at the Latest Practicable Date, shall abstain from voting in favour of the relevant resolutions at the SGM.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the proposed grant of the New General Mandate.

LETTER FROM NUADA

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, statements, opinions and representations supplied to us by the Company and the Directors and we have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true at the date of the Circular, and we have relied on the same. We have also assumed that all statements of belief, opinion and intention of the Directors as set out in the Letter were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have been provided sufficient information to enable us to reach an informed view regarding the proposed grant of the New General Mandate, and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinions. We have no reason to suspect that any material facts or information (which is known to the Company) have been omitted or withheld from the information supplied or opinions expressed in the Circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the Directors, nor have we conducted an independent in-depth investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the proposed grant of the New General Mandate, we have taken the following principal factors and reasons into consideration:

Background

At the Last Annual General Meeting, the Directors were granted the Current General Mandate to allot and issue up to 45,268,888 new Shares, representing 20% of the then issued share capital of the Company of 226,344,439 Shares. During the date of the Last Annual General Meeting and up to the date of the announcement dated 13 March 2007 of the Company (the "Announcement"), no Shares have been allotted and issued by the Company under the Current General Mandate while the Company had repurchased 19,300,000 Shares in aggregate pursuant to the Current Repurchase Mandate. Moreover, the Shareholders have also granted the Directors under a separate ordinary resolution at the Last Annual General Meeting a general mandate to add such number of Shares repurchased by the Company (up to a maximum number equivalent to 10% of the then existing issued share capital of the Company) to the Current General Mandate. Accordingly, a total of 64,568,888 new Shares can be issued and allotted under the Current General Mandate as at the date of the Announcement.

LETTER FROM NUADA

The Current General Mandate has been almost fully utilised as to 53,000,000 Shares in association with the top-up placing and as to 11,500,000 Shares in association with the placing of new Shares both announced on 13 March 2007. To maintain the financial flexibility necessary for the Group's future business development, the Directors therefore propose to seek the approval of the Independent Shareholders at the SGM for the granting of the New General Mandate.

The Company had an aggregate of 294,178,882 Shares in issue as at the Latest Practicable Date. Subject to the passing of the ordinary resolutions for the approval of the New General Mandate and assuming that no other Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company would be allowed under the New General Mandate to allot and issue up to 58,835,776 Shares.

Reasons for the New General Mandate

As advised by the Company, the Directors consider that equity financing to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group. While the Board considers that there is no immediate funding need for the Group's current operations and that there is currently no concrete proposal presented by potential investors for investment in Shares, the Board proposes to seek approval of the Independent Shareholders at the SGM of the New General Mandate such that should future funding needs arise or attractive terms for investment in Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly.

Flexibility in financing alternatives

The Group is principally engaged in property development, property investment, management and sublicensing of wet markets, shopping centers, 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. The Group has also explored the development of agricultural products wholesale distribution centers in the PRC. As stated in the interim report 2006 of the Company, the Company will strengthen its management to facilitate its further development in every aspect of its business to maximize value for its shareholders and will put additional resources into exploration and development of agricultural products wholesale markets and traditional wet markets in the PRC. Given the Current General Mandate has been almost fully utilized, may any investment opportunities arise that would require the issuance of new Shares and specific mandate may have to be sought in this respect, the Directors are uncertain as to whether the requisite approval from the Independent Shareholders could be obtained in a timely manner. In addition, the New General Mandate offers an opportunity for the Directors to capture a favourable equity market condition to raise funds by issuing new Shares.

LETTER FROM NUADA

Notwithstanding the fact that the Group had no immediate funding need for its current operations and there is currently no concrete proposal presented by potential investors for investment in Shares, the Directors believe that the New General Mandate would offer the Group higher flexibility to capture investment opportunities which may arise at any time and require prompt investment decision by the Group. The Directors also consider that the New General Mandate would provide the Company with the maximum flexibility to raise additional capital for any future investment or as working capital of the Group.

In light of the above, we are of the opinion that the New General Mandate would provide the Company with the necessary flexibility essential for fulfilling any possible funding needs for future business development and/or investment decisions in a timely manner. As such, we are of the view that the grant of the New General Mandate will be in the interest of the Company and the Shareholders as a whole.

Other financing alternative

As advised by the Company, in appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development. While sufficient for its present requirements, there is no certainty that such cash resources will be adequate or other financing alternatives will be available for appropriate investment that may be identified by the Company in the future. In addition, as debt financing may incur interest burden to the Group, the Directors consider that equity financing such as issuance of new Shares for cash or equity swaps may be an appropriate means to fund such investments and/or acquisitions and provide additional working capital for the future development and expansion of the Group, given the Group's financial position, capital structure, cost of funding and the then financial market condition.

We consider that the grant of the New General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future development, including equity issuance. As such, we are of the view that the granting of the New General Mandate will be in the interest of the Company and the Shareholders as a whole.

LETTER FROM NUADA

Potential dilution to shareholding of the Independent Shareholders

Set out below is a table showing (i) the shareholdings of the Company as at the Latest Practicable Date; and (ii) for illustrative purpose, the potential dilution effect upon full utilisation of the New General Mandate, assuming that no other Shares are issued and/or repurchased by the Company.

	As at the Latest Practicable Date		Upon full utilization of the New General Mandate	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Mr. Tang and his associates	57,715,203	19.62	57,715,203	16.35
Independent Shareholders	236,463,679	80.38	236,463,679	66.98
Shares to be issued under the New General Mandate	–	–	58,835,776	16.67
Total	<u>294,178,882</u>	<u>100.00</u>	<u>353,014,658</u>	<u>100.00</u>

As illustrated in the table above, the aggregate shareholding of the Independent Shareholders will be diluted by 13.40% from approximately 80.38% as at the Latest Practicable Date to approximately 66.98% upon full utilisation of the New General Mandate, assuming that no other Shares are issued and/or repurchased by the Company.

Taking into account the benefits of the New General Mandate as discussed above and the fact that the shareholdings of all Shareholders will be diluted proportionately, we consider such dilution or potential dilution of shareholding to be acceptable.

RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the view that the grant of the New General Mandate is fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders and advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

LETTER FROM NUADA

Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding interests in the Company when and if the New General Mandate is utilised.

For and on behalf of
Nuada Limited

Po Chan
Executive Director

Bernard Chan
Executive Director

This appendix serves as an explanatory statement as required by the Listing Rules to provide the requisite information to you for your consideration of the New Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$29,417,888.20 comprising 294,178,882 Shares with the nominal value of HK\$0.10 each. In addition, as at the Latest Practicable Date, Share Options carrying the rights to subscribe up to an aggregate of 32,546,800 Shares and the Convertible Notes carrying the rights to convert up to an aggregate of 26,400,000 Shares respectively remained outstanding. If such outstanding Share Options and Convertible Notes are exercised in full on or prior to the date of the SGM, a further 58,946,800 Shares will be in issue.

Subject to the passing of the relevant ordinary resolutions as set out in the notice of the SGM, assuming no further Shares were/will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Directors will be authorised to repurchase Shares with an aggregate nominal amount up to HK\$2,941,788.80 (currently representing 29,417,888 Shares with the nominal value of HK\$0.1 each) pursuant to the New Repurchase Mandate. Assuming that (i) all outstanding Share Options and conversion rights attached to the Convertible Notes are exercised in full on or before the date of the SGM; and (ii) no further Shares were/will be issued and/or repurchased by the Company, the total number of Shares in issue will be 353,125,682 Shares and the Directors will be authorised to repurchase Shares with an aggregate nominal amount up to HK\$3,531,256.80 (currently representing 35,312,568 Shares with the nominal value of HK\$0.1 each).

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets or its earnings per Share or both and will only be made when the Directors believe that such purchases will benefit the Company and the Shareholders as a whole.

3. FUNDING OF REPURCHASES

The Company must fund the repurchase entirely from the Company's available cash flow or working capital facilities legally available for such purpose in accordance with its memorandum of association and the Bye-laws and the laws of Bermuda.

It is not expected that the exercise of the repurchase mandate would have a material adverse effect on the working capital or the gearing level of the Group.

4. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention, in the event that the repurchase mandate is approved by the Shareholders at the SGM, to sell Shares to the Company under the New Repurchase Mandate.

No connected persons (as defined in the Listing Rules) has notified the Company that he has a present intention to sell any Shares to the Company, or that he has undertaken not to sell any Shares held by him to the Company, in the event that the New Repurchase Mandate is granted by the Shareholders at the SGM.

The following table shows the Shares purchased by the Company in the six months preceding the date of this circular:

Trading date	No. of Shares	Price per share (HK\$)
7/11/2006	500,000	2.32
7/11/2006	500,000	2.33
7/11/2006	500,000	2.32
8/11/2006	500,000	2.31
8/11/2006	500,000	2.31
8/11/2006	300,000	2.31
9/11/2006	800,000	2.29
9/11/2006	500,000	2.30
10/11/2006	650,000	2.32
10/11/2006	650,000	2.33
13/11/2006	650,000	2.25
13/11/2006	650,000	2.26
14/11/2006	700,000	2.26
14/11/2006	600,000	2.26
15/11/2006	1,300,000	2.25
16/11/2006	1,300,000	2.25
17/11/2006	1,300,000	2.25
20/11/2006	650,000	2.31
20/11/2006	650,000	2.30
9/1/2007	400,000	2.39
9/1/2007	400,000	2.38
10/1/2007	400,000	2.39
10/1/2007	400,000	2.38
11/1/2007	200,000	2.38
11/1/2007	300,000	2.39
15/1/2007	300,000	2.39
15/1/2007	300,000	2.38
16/1/2007	350,000	2.39
16/1/2007	350,000	2.38
17/1/2007	450,000	2.39

Trading date	No. of Shares	Price per share (HK\$)
17/1/2007	450,000	2.38
25/1/2007	300,000	2.42
25/1/2007	300,000	2.41
6/2/2007	300,000	2.52
6/2/2007	300,000	2.53
8/2/2007	300,000	2.50
8/2/2007	300,000	2.51

5. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company pursuant to the New Repurchase Mandate in accordance with the Listing Rules, the memorandum of association of the Company and the Bye-laws and the applicable laws of Bermuda so far as the same may be applicable.

6. EFFECT OF THE TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the New Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of such increase, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date and to the best knowledge and belief of the Directors, Mr. Tang Ching Ho, the chairman of the Company, and parties acting in concert with him were interested or deemed to be interested in approximately 19.62% of the existing issued share capital of the Company. In the event that the Directors should exercise the power to repurchase Shares under the New Repurchase Mandate in full, the shareholding of Mr. Tang Ching Ho and parties acting in concert with him will be increased to approximately 21.80% of the issued share capital of the Company.

The Directors are not aware of any consequence which may arise under the Takeovers Code as a result of any purchases made under the New Repurchase Mandate.

The Directors have no present intention to exercise the power to repurchase Shares to the extent that the aggregate amount of the share capital of the Company in public hands would be reduced to less than 25%.

7. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the last twelve months are as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2006		
March	2.538	2.209
April	2.494	2.056
May	2.275	2.100
June	2.231	2.100
July	2.433	2.144
August	2.647	2.363
September	2.400	2.252
October	2.469	2.261
November	2.469	2.212
December	2.568	2.350
2007		
January	2.490	2.331
February	2.840	2.440
March (up to the Latest Practicable Date)	6.230	2.690

NOTICE OF SGM



WANG ON GROUP LIMITED (宏 安 集 團 有 限 公 司)*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1222)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting of Wang On Group Limited (the "Company") will be held at 37th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Wednesday, 18 April 2007, at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

- (1) "THAT:
 - (a) the general mandate granted to the directors of the Company (the "Directors") to exercise the powers of the Company to allot, issue and otherwise deal with the shares in the capital of the Company (the "Shares") and to make or grant offers, agreements and options, as approved by the shareholders of the Company at the annual general meeting held on 17 August 2006, to the extent not already exercised be and is hereby revoked (but without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
 - (b) subject to paragraph (d) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares, and to make or grant offers, agreements and options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
 - (c) the approval in paragraph (b) above shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

* For identification purpose only

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- (d) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (b) above, otherwise than pursuant to:
- (i) a Right Issue (as hereinafter defined);
 - (ii) the exercise of rights subscription or conversion under terms of any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any option under the share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; and
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on the Shares in accordance with the bye-laws of the Company in force from time to time,

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution; and if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company, the nominal amount of the share capital of the Company repurchased by the Company subsequent to the passing of this resolution up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution and the said approval shall be limited accordingly; and

- (e) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s bye-laws to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

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“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or stock exchange in any territory outside Hong Kong).”

(2) **“THAT:**

- (a) the general mandate granted to the Directors to exercise the powers of the Company to repurchase Shares as approved by the shareholders of the Company at the annual general meeting held on 17 August 2006, to the extent not already exercised be and is hereby revoked (but without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
- (b) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares be and is hereby generally and unconditionally approved;
- (c) the aggregate nominal amount of the Shares which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (b) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of Bermuda or the Company’s bye-laws to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

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- (3) “**THAT** conditional upon the passing of the resolution numbered (1) above, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with additional shares of the Company pursuant to the resolution numbered (1) above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate an amount representing the aggregate nominal amount of the share capital of the Company repurchased or agreed to be repurchased by the Company since the granting of the general mandate pursuant to resolution numbered (1) above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution.”

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

Hong Kong, 30 March 2007

Notes:

- (1) A member entitled to attend and vote at the special general meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
- (2) To be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's Hong Kong branch share registrar, Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time for holding of the special general meeting or any adjournment thereof.
- (3) Completion and delivery of the form of proxy will not preclude members from attending and voting at the special general meeting or any adjournment thereof if they so wish.
- (4) Resolutions numbered 1 and 3 will be voted by poll by the independent shareholders of the Company.