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WANG ON GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

ISSUE OF WARRANTS AND RESUMPTION OF TRADING

The Board announces that the Company entered into the Warrant Agreement with Lehman Brothers, pursuant to which the Company has agreed to issue, and Lehman Brothers has agreed to subscribe, the Warrants attaching the rights to subscribe for 10,000,000 Shares (equivalent to 200,000,000 Subdivided Shares upon the Share Subdivision becoming effective) for a total warrants issue price of HK\$4,500,000.

Holders of the Warrants may exercise the subscription rights attaching to the Warrants, in whole or in part, at any time during the period commencing two months after the date of completion of the Warrant Agreement to the maturity date of the Warrants to subscribe for new Shares at the Initial Subscription Price of HK\$9.0 per Share (equivalent to HK\$0.45 per Subdivided Share), subject to two potential downward reset adjustments and anti-dilution adjustments as described in the section headed "Issue price and subscription price" below.

Assuming full exercise of the Warrants, the Company will issue 10,000,000 Warrant Shares (or 200,000,000 Subdivided Shares upon the Share Subdivision becomes effective), representing approximately 3.38% of the existing issued share capital of the Company or approximately 3.27% of the issued share capital of the Company as enlarged by the issue of the Warrant Shares. The Warrant Shares will be issued under the general mandate granted to the Directors on 18 April 2007.

The Warrants will not be listed or dealt on the Stock Exchange or any other stock exchange. The Company will apply for the listing of, and the permission to deal in, the Warrant Shares issuable upon the exercise of the Warrants.

Completion of the Warrant Agreement is subject to the Listing Committee of the Stock Exchange granting the approval of, and the permission to deal in, the Warrant Shares issuable upon the exercise of the Warrants.

The Board announces that the Company has been informed by Mr. Tang that Accord has entered into the Share Purchase Agreement with Lehman Brothers, pursuant to which Accord has agreed to sell, and Lehman Brothers has agreed to purchase, 10,000,000 Shares, representing approximately 3.38% of the existing issued share capital of the Company, at HK\$5.4 per Share. Completion of the Share Purchase Agreement, which will take place upon certain conditions precedent set out in the Share Purchase Agreement, is not conditional upon completion of the Warrant Agreement or vice versa.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 2:30 p.m. on 8 May 2007 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 16 May 2007.

INTRODUCTION

The Company entered into the Warrant Agreement with Lehman Brothers, pursuant to which the Company has agreed to issue, and Lehman Brothers has agreed to subscribe, the Warrants attaching the rights to subscribe for 10,000,000 Shares (equivalent to 200,000,000 Subdivided Shares upon the Share Subdivision becoming effective) for a total warrants issue price of HK\$4,500,000.

WARRANT AGREEMENT

Date

15 May 2007

Parties

- (1) The Company as the issuer
- (2) Lehman Brothers as the holder of the Warrants

Lehman Brothers is a professional investor. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save and except the acquisition of 10,000,000 Shares, representing approximately 3.38% of the existing issued share capital of the Company, by Lehman Brothers from Accord pursuant to the Share Purchase Agreement, Lehman Brothers and its ultimate beneficial owners are not connected persons of the Company and are parties independent of the Company and its subsidiaries and connected persons.

Amount of the Warrants to be subscribed

Lehman Brothers has agreed to subscribe from the Company the Warrants attaching the rights to subscribe for 10,000,000 Shares (equivalent to 200,000,000 Subdivided Shares upon the Share Subdivision becoming effective) for a total warrants issue price of HK\$4,500,000.

Assuming full exercise of the Warrants, the Company will issue 10,000,000 Warrant Shares (or 200,000,000 Subdivided Shares upon the Share Subdivision becomes effective), representing approximately 3.38% of the existing issued share capital of the Company or approximately 3.27% of the issued share capital of the Company as enlarged by the issue of the Warrant Shares. The Warrant Shares will be issued under the general mandate granted to the Directors on 18 April 2007, which allowing them to issue 59,213,296 Shares. Such general mandate remained unutilized as at the date of this announcement. The Warrant Shares, when fully paid, issued, and allotted, will rank *pari passu* in all respects with the Shares (or Subdivided Shares upon the Share Subdivision becoming effective) then in issue (other than any dividend or other distribution declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of the relevant exercise notice).

Principal terms of the Warrants

The principal terms of the Warrants, as stated under the Warrant Agreement, are summarized as follows:

Issue price and subscription price

The total issue price of the Warrants is HK\$4,500,000 (equivalent to HK\$0.45 per Warrant), payable in cash upon completion of the Warrant Agreement.

The Initial Subscription Price is HK\$9.0 per Share (or equivalent to HK\$0.45 per Subdivided Share), subject to two potential downward reset adjustments (details of which are set out below) and usual anti-dilution adjustments for events including consolidation, sub-division and split of the Shares, and rights issue, in customary manner to restore the implied intrinsic value of the Warrants, as set out in the Warrant Agreement.

The aggregate of the issue price per Warrant and the Initial Subscription Price per Share (being an aggregate of HK\$9.45) represents:

- (i) a premium of approximately 11.44% over the closing price of HK\$8.48 per Share as quoted on the Stock Exchange on 8 May 2007, being the last trading date preceding the publication of this announcement;

- (ii) a premium of approximately 13.28% over the average of the closing price of HK\$8.342 per Share as quoted on the Stock Exchange from 2 May 2007 to 8 May 2007, being the last five trading days preceding the publication of this announcement;
- (iii) a premium of approximately 14.30% over the average of the closing price of HK\$8.268 per Share as quoted on the Stock Exchange from 24 April 2007 to 8 May 2007, being the last ten trading days preceding the publication of this announcement; and
- (iv) a premium of approximately 27.34% over the average of the closing price of HK\$7.421 per Share as quoted on the Stock Exchange from 22 March 2007 to 8 May 2007, being the last 30 trading days preceding the publication of this announcement.

The Initial Subscription Price is subject to reset 90 days and 180 days after the date of the completion of the Warrant Agreement to the lower of (i) the then prevailing subscription price; and (ii) 105% of the average closing price per Share for the five trading days preceding the reset date. In any event, the subscription price following such downward reset adjustments shall not be less than HK\$ 6.8 per Share.

Exercise Period

The Warrants shall be exercisable, in whole or in part, at any time during the period commencing two months after the date of completion of the Warrant Agreement to 545 days after the date of completion of the Warrant Agreement.

Lock-Up Undertakings

The Company undertakes to Lehman Brothers that, except with the prior written consent from Lehman Brothers, from and up to 75 days after completion of the Warrant Agreement, it will not offer, issue or sell any new Share or announce any intention to enter into or effect any such transaction.

Transferability

Subject to compliance with applicable securities laws, the Warrants are transferable, in whole or in part, by Lehman Brothers to any person or entity upon written notice to the Company provided that any such transfer is only to reputable financial institutions or reputable institutional investors.

Conditions precedent

Completion of the Warrant Agreement is conditional upon the following:

- (1) the Stock Exchange having approved the publication of an announcement by the Company in relation to the Warrant Agreement and Lehman Brothers having provided its prior consent to the publication of such announcement;
- (2) the listing of, and permission to deal in, the Warrant Shares which fall to be issued and allotted upon the exercise of the subscription rights attached to the Warrants being granted by the Listing Committee;
- (3) the delivery to Lehman Brothers of a legal opinion in a form acceptable to Lehman Brothers as to Bermuda laws;
- (4) the delivery to Lehman Brothers of a legal opinion in a form acceptable to Lehman Brothers as to Hong Kong laws in respect of the legality, validity and enforceability of the Warrant Agreement and the allotment of the Warrant Shares under Hong Kong law;
- (5) the delivery to Lehman Brothers of relevant corporate documents of the Company in respect of the execution of the Warrant Agreement;
- (6) the representations and warranties given by the Company in the Warrant Agreement remaining true, accurate and correct in all respects at, and as if made on the date of completion of the Warrant Agreement;
- (7) there being no occurrence of any change or any development or event reasonably likely to involve a change, in the financial condition, operations, legal environment, business or properties of the Group, which, in the reasonable opinion of Lehman Brothers, is material and adverse to the Warrant Agreement;
- (8) there being no change, or development involving a prospective change, in national or international monetary, financial political or economic conditions or currency exchange rates or foreign exchange controls which, in the reasonable opinion of Lehman Brothers, would be likely to prejudice the Warrant Agreement; and

- (9) there being no outbreak or escalation of hostilities, act of terrorism, epidemic, pandemic, act of God or disaster which would, in the reasonable opinion of Lehman Brothers, be likely to prejudice the Warrant Agreement.

Lehman Brothers may waive any of the conditions set out above. If the above conditions are not fulfilled or waived on or before 30 July 2007 (or such later date as may be agreed between the parties), the Warrant Agreement will lapse and become null and void and the parties shall be released from all obligations thereunder.

Completion

Completion of the Warrant Agreement shall take place on the date being two Business Days following the satisfaction of the conditions (unless waived by Lehman Brothers) referred to in the above paragraph headed "Conditions precedent".

Completion of the Warrant Agreement is not conditional upon completion of the Share Purchase Agreement or vice versa.

CHANGES IN SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 296,066,482 Shares in issue. As at the date of this announcement, save for the subscription rights attaching to the Warrants and outstanding share options granted under the share option scheme adopted by the Company on 3 May 2002 entitling the holders thereof to subscribe up to 30,659,200 Shares and the convertible note carrying the rights to convert up to an aggregate of 26,400,000 Shares, the Company has no other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

The shareholding structure of the Company as at the date of this announcement and immediately upon full exercise of the subscription rights attaching to the Warrants (assuming no other change to the issued share capital of the Company) are as follows:

Shareholders	As at the date of this announcement		Upon full exercise of the subscription rights attached to the Warrants	
	No. of Shares (Note 1)	%	No. of Shares (Note 1)	%
Mr. Tang & family (Notes 2 & 3)	47,715,203	16.12	47,715,203	15.59
Public Shareholders				
Lehman Brothers (Note 3)	10,000,000	3.38	20,000,000	6.53
Other public Shareholders	238,351,279	80.50	238,351,279	77.88
	<u>248,351,279</u>	<u>83.88</u>	<u>258,351,279</u>	<u>84.41</u>
Total	<u>296,066,482</u>	<u>100.00</u>	<u>306,066,482</u>	<u>100.00</u>

Notes:

1. Before adjustment for the Share Subdivision.
2. Include Shares held by Mr. Tang, his spouse (Ms. Yau Yuk Yin), Caister Limited, a company which is wholly and beneficially owned by Mr. Tang, and Accord.
3. After taking into account the Shares acquired by Lehman Brothers from Accord as described in the section headed "Disposal of Shares by Accord" below.

REASON FOR THE ISSUE OF THE WARRANTS

The Group is principally engaged in development and management of agricultural products wholesaling business in the PRC and Hong Kong, management and sub-licensing of wet markets in the PRC and Hong Kong, property development, property investment, management and sub-licensing shopping centres 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 Directors consider that the issue of the Warrants provides a good opportunity for the Company to raise additional capital upon the exercise of the Warrants. The Directors are also of the view that the terms of the issue of the Warrants are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the issue of the Warrants is estimated to be approximately HK\$4.0 million. The amount will be utilized by the Group as general working capital.

In the event that all the subscription rights attaching to the Warrants are exercised at the Initial Subscription Price, the Company will raise additional capital of approximately HK\$90 million (the amount will be lower in the event that the subscription price is reset in accordance with the reset terms). It is the current intention of the Directors that such additional capital will be used by the Group as additional working capital.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

Set out below are the details of the fund raising activities of the Company in the past twelve months before the date of this announcement:

Date of completion	:	March 2007
Event	:	Placing of new shares
Net proceeds	:	HK\$175.3 million
Stated intended use of net proceeds	:	<ul style="list-style-type: none">– HK\$144.2 million for financing the development and management of agricultural by-products wholesaling business of the Group in the PRC– HK\$31.1 million for financing the expansion and development of wet market business both in the PRC and Hong Kong and other potential investment opportunities
Actual use of net proceeds up to the date of this announcement	:	Up to the date of this announcement, the Group has utilized approximately HK\$39.0 million for financing the development and management of agricultural by-products wholesaling business of the Group in the PRC.

The Directors intend to utilize the remaining proceeds from the above placing in accordance with the original intended use as stated above i.e. an additional amount of approximately HK\$105.2 million will be used for financing the development and management of agricultural by-products wholesaling business of the Group in the PRC and an amount of approximately HK\$31.1 million for financing the expansion and development of wet market business both in the PRC and Hong Kong and other potential investment opportunities.

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares to be issued upon exercise of the Warrants. No application will be made to the Stock Exchange for the listing of, and permission to deal in, the Warrants.

DISPOSAL OF SHARES BY ACCORD

The Company has been informed by Mr. Tang that Accord has entered into the Share Purchase Agreement, pursuant to which Accord has agreed to sell, and Lehman Brothers has agreed to purchase, 10,000,000 Shares (the "Sale Shares"), representing approximately 3.38% of the existing issued share capital of the Company, at HK\$5.4 per Share. Completion of the Share Purchase Agreement is condition upon the following:

- (1) the Stock Exchange having approved the publication of an announcement by the Company in relation to the Share Purchase Agreement and Lehman Brothers having provided its prior consent to the publication of such announcement;
- (2) the delivery to Lehman Brothers of a legal opinion in a form acceptable to Lehman Brothers in respect of the legality, validity and enforceability of the Share Purchase Agreement under Hong Kong laws;
- (3) the delivery to Lehman Brothers of the trustee certificate of the Tang's Family Trust in a form acceptable to Lehman Brothers;
- (4) the delivery to Lehman Brothers of written resolutions of the directors of the trustee of the Tang's Family Trust in a form acceptable to Lehman Brothers;

- (5) the delivery to Lehman Brothers of the waiver letter in respect of the notice requirement under the trust deed in a form acceptable to Lehman Brothers;
- (6) the delivery to Lehman Brothers of the original letters of consent from the adult beneficiaries of the Tang's Family Trust in a form acceptable to Lehman Brothers;
- (7) the delivery to Lehman Brothers relevant corporate documents of Accord in respect of the execution of the Share Purchase Agreement;
- (8) the representations and warranties given by Mr. Tang and Accord in the Share Purchase Agreement remaining true, accurate and correct in all respects at, and as if made on the date of completion of the Share Purchase Agreement;
- (9) there being no occurrence of any change or any development or event reasonably likely to involve a change, in the financial condition, operations, legal environment, business or properties of the Group, which, in the reasonable opinion of Lehman Brothers, is material and adverse to the transfer of the Sale Shares pursuant to the Share Purchase Agreement ("Transfer");
- (10) there being no change, or development involving a prospective change, in national or international monetary, financial political or economic conditions or currency exchange rates or foreign exchange controls which, in the reasonable opinion of Lehman Brothers, would be likely to prejudice the Transfer; and
- (11) there being no outbreak or escalation of hostilities, act of terrorism, epidemic, pandemic, act of God or disaster which would, in the reasonable opinion of Lehman Brothers, be likely to prejudice the Transfer.

Pursuant to the Share Purchase Agreement, completion of the Share Purchase Agreement shall take place on the date being two Business Days following the satisfaction of the conditions (unless waived by Lehman Brothers) referred to in the above paragraph.

Pursuant to the Share Purchase Agreement, Lehman Brothers shall not, among other dealing restrictions, for a period of 60 days from the date of completion of the Share Purchase Agreement, offer, issue or sell or grant any option, or otherwise dispose of the Sale Shares. Accord has also agreed under the Share Purchase Agreement that it will not, among other dealing restrictions, for a period of 4 months from the date of completion of the agreement, offer, issue or sell or grant any option, or otherwise dispose of any issued share capital it holds in the Company, save that such restriction does not prevent Accord or the Company from entering into any top-up placing transactions.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 2:30 p.m. on 8 May 2007 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 16 May 2007.

DEFINITIONS

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

"Accord"	Accord Power Limited, a company incorporated in the British Virgin Islands with limited liability, controlled by Trustcorp Limited in its capacity as the trustee of Tang's Family Trust, a discretionary trust of which Mr. Tang, the Chairman of the Company, was the founder and Ms. Yau Yuk Yin, an executive Director and the spouse of Mr. Tang, and Mr. Tang's children are beneficiaries
"Board"	the board of the Directors
"Business Day"	a day on which licensed banks in Hong Kong, British Virgin Islands and Jersey are required to be and are generally open for business (other than any Saturday, Sunday or gazetted public holiday in Hong Kong)
"Company"	Wang On Group Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange

“Director(s)”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Subscription Price”	the initial subscription price of HK\$9.0 per Share (equivalent to HK\$0.45 per Subdivided Share), subject to two potential downward reset adjustments and anti-dilution adjustments, at which holders of the Warrants may subscribe for the Warrant Shares
“Lehman Brothers”	Lehman Brothers Commercial Corporation Asia Limited
“Listing Committee”	Listing Committee of the Stock Exchange
“Mr. Tang”	Mr. Tang Ching Ho, the Chairman of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Share(s)”	existing ordinary share(s) of the nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of issued share(s) of the Company
“Share Purchase Agreement”	the share purchase agreement dated 15 May 2007 between Accord and Lehman Brothers pursuant to which Accord has agreed to sell, and Lehman Brothers has agreed to purchase, 10,000,000 Shares at the price of HK\$5.4 per Share
“Share Subdivision”	subdivision of every issued or unissued Share into 20 Subdivided Shares, subject to, <i>inter alia</i> , the approval of the Shareholders at a special general meeting to be held on 17 May 2007, details of which are set out in the Company’s announcement dated 19 April 2007 and the Company’s circular dated 30 April 2007
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of the nominal value of HK\$0.005 each in the share capital of the Company upon the Share Subdivision becoming effective
“Warrants”	a total number of 10,000,000 warrants to be issued by the Company entitling the holders thereof to subscribe for one Share at HK\$9.0 per Share (or one Subdivided Share upon the Share Subdivision becoming effective at HK\$0.45), subject to two potential downward reset adjustments and anti-dilution adjustments, at any time during the period commencing two months after the date of completion of the Warrant Agreement to 545 days after the date of completion of the Warrant Agreement, subject to the terms and conditions set out in the Warrant Agreement
“Warrant Agreement”	the agreement dated 15 May 2007 entered into between the Company and Lehman Brothers in relation to the issue of the Warrants by the Company to Lehman Brothers
“Warrant Shares”	new Share(s) (or Subdivided Share(s) upon the Share Subdivision becoming effective) which may fall to be issued and allotted upon the exercise of the subscription rights attaching to the Warrants
“HK\$”	Hong Kong Dollars, the lawful currency in Hong Kong
“%”	per cent.

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

Hong Kong, 15 May 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, Justin, Mr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.

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