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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 AND RESUMPTION OF TRADING

On 3 July 2007, Makwin Investment Limited, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase 20% equity interest in each of Senox Industrial, Senox Agricultural and Senox Logistics for an aggregate cash consideration of HK\$73,470,000. The consideration has been agreed by the parties after arm's length negotiation with reference to the anticipated audited net assets of the Senox Group and the business prospects of the Distribution Centre which is being developed by the Senox Group.

The Senox Group is principally engaged in the investment in and management and provision of logistics services to owners and tenants of an agricultural products distribution centre in Dongguan, the PRC.

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

At the request of the Company, trading in Shares on the Stock Exchange was suspended as from 9:30 a.m. on 3 July 2007 pending the release of this announcement which contains price-sensitive information. An application has been made by the Company to the Stock Exchange for resumption of trading in Shares will effect from 9:30 a.m. on 9 July 2007.

INTRODUCTION

On 3 July 2007, the Vendor and the Purchaser entered into the Agreement pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase 20% equity interest in each of Senox Industrial, Senox Agricultural and Senox Logistics for an aggregate cash consideration of HK\$73,470,000.

THE AGREEMENT

Date: 3 July 2007

Vendor: Ms. Cai Xue Fang, who to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is an Independent Third Party. As at the date of this announcement, the Vendor has a 40% equity interest in each of Senox Industrial, Senox Agricultural and Senox Logistics.

Purchaser: Makwin Investment Limited, a wholly-owned subsidiary of the Company

Assets to be acquired:

20% equity interest in each of Senox Industrial, Senox Agricultural and Senox Logistics.

Conditions precedent:

Completion of the Agreement is conditional upon the fulfillment of the following conditions:

- (a) the aggregate of the audited net asset values as shown in the audited financial statements of Senox Industrial, Senox Agricultural and Senox Logistics respectively to be prepared in accordance with the accounting principles generally accepted in Hong Kong by an international firm of accountants acceptable to the Purchaser, as at 31 December 2007 or as at 30 June 2008 (whichever is the earlier) being not less than RMB360 million;
- (b) all necessary approvals or consents from the relevant PRC government authorities required for the transfer of equity interest pursuant to the Agreement having been obtained and registration of the memorandum and articles of association of each of Senox Industrial, Senox Agricultural and Senox Logistics as amended to facilitate the Acquisition having been completed;
- (c) the completion of the legal and financial due diligence on each of Senox Industrial, Senox Agricultural and Senox Logistics by the Purchaser to its satisfaction; and
- (d) the obtaining of written consent from each of the other holders of equity interest in each of Senox Industrial, Senox Agricultural and Senox Logistics (i) to give up their respective preemptive rights and other rights which would restrict the transfer of the equity interests which are the subject of the Agreement; and (ii) to agree to the amendment of the memorandum and articles of association of each of Senox Industrial, Senox Agricultural and Senox Logistics to facilitate the Acquisition.

Consideration:

The aggregate consideration for the 20% equity interest in each of Senox Industrial, Senox Agricultural and Senox Logistics is HK\$73,470,000 in cash, of which HK\$10,000,000 has been paid out of the Group's internal resources and the balance of HK\$63,470,000 shall be payable within 2 months after fulfillment of the conditions precedent to the Agreement. The remaining consideration will also be satisfied from the Group's internal resources.

The consideration has been agreed by the parties after arm's length negotiation with reference to the anticipated audited net assets of the Senox Group and the business prospects of the Distribution Centre which is being developed by the Senox Group.

Other major terms:

Pursuant to the Agreement, the Vendor has undertaken that during the period up to Completion, it shall pay to the Purchaser the dividends or profit distribution attributable to the 20% equity interest in each of Senox Industrial, Senox Agricultural and Senox Logistics within 7 days from the date of receipt of such dividends or profit distribution.

In the event that any of the conditions precedent to the Agreement has not been fulfilled on or before 31 December 2008 (or such later date as may be mutually agreed by the Purchaser and the Vendor); or that the Agreement is terminated by mutual consent of both parties, the Vendor shall refund to the Purchaser the deposit of HK\$10,000,000 paid, without interest and the Purchaser shall refund all the dividends or profits distribution received from the Vendor, within 14 days from the issue of a termination notice by the Purchaser.

INFORMATION ON THE SENOX GROUP

Senox Industrial, Senox Agricultural and Senox Logistics are established in the PRC on 21 July 1994, 23 March 2000 and 14 January 2003 respectively. The Senox Group is principally engaged in the investment in and management and provision of logistics services to owners and tenants of an agricultural products distribution centre situated in Dongguan, the PRC.

As at the date of this announcement, the registered capital of Senox Industrial, Senox Agricultural and Senox Logistics was RMB1 million, RMB1 million and RMB2 million respectively (equivalent to HK\$1.0 million, HK\$1.0 million and HK\$2.0 million respectively). Each of Senox Industrial, Senox Agricultural and Senox Logistics is owned as to 40% by the Vendor and 60% by two other Independent Third Parties.

Senox Industrial owns a piece of land (the "Land") situated at 東莞市大嶺山鎮連平村 (Lianping Village of Dailingshan County#), the PRC with an aggregate site area of over 600 mu, on which the Distribution Centre is located. The Distribution Centre is an agricultural products distribution centre mainly for wholesaling agricultural products. The Distribution Centre is being developed under two phases with approximately 390,000 square meters. The first phase was completed in 2006 and has been substantially leased out. The first phase development comprised approximately 1,300 shops with a total gross floor area of approximately 100,000 square meters, 370 residential units with a total gross floor area of approximately 21,000 square meters, 2 blocks of office buildings with a total gross floor area of approximately 19,000 square meters, a cold storage facility of approximately 10,000 tons, a storage facility of approximately 58,000 square meters. The second phase is expected to be completed by the end of 2007. Upon completion of the construction of the second phase, it is expected that the Distribution Centre will consist of approximately 2,300 shops with a total gross floor area of approximately 190,000 square meters, 2 blocks of office buildings with a total gross floor area of approximately 19,000 square meters, 17 blocks of residential buildings with approximately 1,400 residential units with a total gross floor area of approximately 60,000 square meters, a cold storage facility of approximately 24,000 tons, a storage facility of approximately 75,000 square meters, parking spaces of approximately 22,000 square meters and a covered trading place of approximately 22,000 square meters. The total land and construction costs for the Distribution Centre is estimated to amount to approximately RMB660 million, which will continue to be funded by internal resources and bank loans available to the Senox Group.

The following table shows the results of Senox Industrial, Senox Agricultural and Senox Logistics for the two years ended 31 December 2006, prepared in accordance with generally accepted accounting principles in the PRC:

Senox Industrial

	For the year ended 31 December 2006	For the year ended 31 December 2005
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Turnover	20,010	5,844
Net (loss) profit	(10,948)	94,224
Net assets	64,565	73,107

Senox Agricultural

	For the year ended 31 December 2006	For the year ended 31 December 2005
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Turnover	4,131	2,747
Net (loss) profit	(2,659)	(569)
Net assets	4,927	7,585

Senox Logistics

	For the year ended 31 December 2006	For the year ended 31 December 2005
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Turnover	–	969
Net loss	(366)	(608)
Net assets	540	906

Senox Industrial is principally engaged in the development of the Distribution Centre. The unaudited turnover for the year ended 31 December 2006 represented the rental income generated from the leased out portion of the first phase of the Distribution Centre. The audited net profit for the year ended 31 December 2005 was substantially higher than that recorded for the year ended 31 December 2006, primarily because Senox Industrial recorded a profit of approximately HK\$96.3 million in 2005, which represented the excess of the compensation (equivalent to HK\$203.1 million) received from the Dongguan Municipal Government for the surrender of the Old Distribution Centre over the aggregate net book value of the Old Distribution Centre (equivalent to HK\$66.0 million) and the compensation paid by Senox Industrial to the Old Distribution Centre's shop owners.

Senox Agricultural is principally engaged in the management of the Distribution Centre.

Senox Logistics was principally engaged in the provision of logistics services to owners and tenants of the Old Distribution Centre until the end of 2005. Senox Logistics provides similar services to owners and tenants of the new Distribution Centre.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in development, operations, management of the agricultural by-products wholesaling marketplace and related facilities in Hong Kong and PRC, property development, property investment, management and sublicensing of wet markets and shopping centers 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 has started to expand its business scope to the development and management of agricultural by-products wholesaling marketplace in the PRC. The Board considers that the Group's investment in the Distribution Centre through the Acquisition will enable the Group to enhance its investment into the agricultural by-products marketplace management business in Southern China and is an important milestone for the Group to become one of the leading by-products wholesaling marketplace operator in the PRC. By leveraging the knowledge and experience gained from managing wet markets and agricultural by-product wholesaling marketplace in Hong Kong and PRC, the Group can enhance its strategic competitiveness through the Acquisition. Given its desirable location, the good facilities in place or to be in place and the sizeable area of the site, the Directors has confidence in the future prospect of the Distribution Centre and believe that it will provide a valuable opportunity to broaden the revenue base of the Group.

The Directors consider that the terms of the Agreement are fair and reasonable as far as the Shareholders are concerned and the entering into of this Agreement is consistent with the Group's business strategy and in the interest of the Company and its Shareholders as a whole.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

A circular containing, among others, further details of the Agreement will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange was suspended as from 9:30 a.m. on 3 July 2007 pending the release of this announcement which contains price-sensitive information. An application has been made by the Company to the Stock Exchange for resumption of trading in Shares will effect from 9:30 a.m. on 9 July 2007.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of 20% equity interest in each of Senox Industrial, Senox Agricultural and Senox Logistics by the Purchaser from the Vendor pursuant to the Agreement
“Agreement”	the conditional agreement dated 3 July 2007 entered into between the Vendor and the Purchaser in relation to the Acquisition of 20% equity interest in each of Senox Industrial, Senox Agricultural and Senox Logistics by the Purchaser from the Vendor
“Board”	the board of directors of the Company
“Company”	Wang On Group Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the 20% equity interest in each of Senox Industrial, Senox Agricultural and Senox Logistics in accordance with the terms and conditions of the Agreement
“Connected person”	has the meaning ascribed thereto in the Listing Rules
“Directors”	directors of the Company
“Distribution Centre”	the agricultural products distribution centre located at 東莞市大嶺山 (Dailingshan in Dongguan#, the PRC), details of which are set out in the paragraph headed “Information on the Senox Group”
“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
“Independent Third Part(ies)”	person(s) independent of and not connected with the Company or any connected person of the Company (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“mu”	unit for measuring size of land and is equivalent to approximately 667 square meters
“Old Distribution Centre”	the agricultural products distribution centre located at 東莞市莞城外環路28號 (28 Waiwan Road, Dongguan City, Dongguan#) which was demolished and surrendered to the Dongguan Municipal Government in 2005

“PRC”	the People’s Republic of China
“Purchaser”	Makwin Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Senox Agricultural”	東莞市信立農副產品有限公司 (Dongguan Senox Agricultural Products Co., Ltd.#), a company incorporated in the PRC and which is owned as to 40% by the Vendor and 60% by two other Independent Third Parties as at the date of this announcement
“Senox Group”	Senox Industrial, Senox Agricultural and Senox Logistics
“Senox Industrial”	東莞市信立實業有限公司 (Dongguan Senox Industrial Co., Ltd.#), a company incorporated in the PRC and which is owned as to 40% by the Vendor and 60% by two other Independent Third Parties as at the date of this announcement
“Senox Logistics”	東莞市信立物流有限公司 (Dongguan Senox Logistics Co., Ltd.#), a company incorporated in the PRC and which is owned as to 40% by the Vendor and 60% by two other Independent Third Parties as at the date of this announcement
“Shareholder(s)”	holder(s) of the shares
“Share(s)”	ordinary share(s) of HK\$0.005 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Ms. Cai Xue Fang, an Independent Third Party
“%”	per cent

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.02.

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

Hong Kong, 6 July 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.

* *For identification purpose only*

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