
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code : 1222)

**GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
PROPOSALS FOR RE-ELECTION OF DIRECTOR,
AND AMENDMENTS TO THE BYE-LAWS**

A notice convening the Annual General Meeting of the shareholders of the Company to be held at Garden Room A & B, 2nd Floor, Hotel Nikko Hong Kong, 72 Mody Road, Tsimshatsui, Kowloon, Hongkong on 13 August 2004 at 10:45 a.m. is set out in the Annual Report of the Company sent together with this circular. Whether or not you intend to be present at 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 Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, 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 so wish.

* *For identification purpose only*

21 July, 2004

DEFINITIONS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

“AGM”	the annual general meeting of the Company to be held at Garden Room A&B, 2nd Floor, Hotel Nikko Hongkong, 72 Mody Road, Tsimshatsui, Kowloon, Hong Kong on 13 August 2004 at 10:45 a.m.
“Annual Report”	the annual report of the Company for the year-ended 31 March 2004
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Bye-laws”	the bye-laws of the Company
“Code”	the Hong Kong Codes on Takeovers and Mergers and Share Repurchases
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	16 July 2004, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the prescribed period the Shares up to a maximum of 10% of the issued share capital of the Company at the date of passing the relevant resolution at the AGM

DEFINITIONS

“Repurchase Resolution”	the proposed ordinary resolution in respect of the Repurchase Proposal to be passed at the AGM
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Share Option Schemes”	the share option scheme adopted by the Company on 6th February 1995 which was subsequently terminated on 3rd May 2002 and the share option scheme adopted by the Company on 3rd May 2002
“Share Options”	the options to subscribe for Shares granted under the Share Option Schemes
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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)

Executive Directors:

Mr. Tang Ching Ho

(Chairman and Managing Director)

Ms. Yau Yuk Yin

(Deputy Chairman and

Deputy Managing Director)

Mr. Chan Chun Hong, Thomas

Independent non-executive Directors:

Dr. Lee Peng Fei, Allen, CBE, JP

Mr. Wong Chun, Justein, MBE, JP

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

Registered office:

Clarendon House

2 Church Street

41 Cedar Avenue

Hamilton HM11

Bermuda

Head office and principal

place of business:

5th Floor

Wai Yuen Tong Medicine Building

9 Wang Kwong Road

Kowloon Bay

Kowloon

Hong Kong

21 July, 2004

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

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
PROPOSALS FOR RE-ELECTION OF DIRECTOR,
AND AMENDMENTS TO THE BYE-LAWS**

GENERAL MANDATE TO REPURCHASE SHARES

A general mandate was given by the Shareholders on 1 March 2004 to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the forthcoming AGM. The Repurchase Resolution will be proposed at the AGM for Shareholders' approval to give a fresh general mandate to the Directors to exercise the powers of the Company to repurchase Shares. An explanatory statement as required under the Listing Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix I hereto.

* *For identification purpose only*

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the AGM two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of passing the resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company at the date of passing the Repurchase Resolution.

RE-ELECTION OF DIRECTOR

The Board currently consists of six Directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin, Mr. Chan Chun Hong, Thomas, Dr. Lee Pang Fei, Allen, Mr. Wong Chun, Justein and Dr. Siu Yim Kwan, Sidney. Pursuant to Bye-law 87, Dr. Lee Peng Fei, Allen shall retire as Director and be eligible for re-election at the AGM.

Details of the retiring Director is set out in Appendix II to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the printing of this circular, the Company will issue a supplementary circular to inform Shareholders of the details of the additional candidate proposed.

AMENDMENTS TO THE BYE-LAWS

On 30 January 2004, the Stock Exchange announced certain amendments to the Listing Rules which came into effect on 31 March 2004. Amongst the amendments are requirements that the constitutions of all listed issuers must conform with the followings:

- (i) the minimum seven-day period for lodgment by shareholders of the notice to nominate a director shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting;
- (ii) directors shall abstain from voting at the board meeting on any matter in which any of his associates has a material interest and are not to be counted towards the quorum of the relevant board meeting; and
- (iii) where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restriction to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

LETTER FROM THE BOARD

As such, the Board proposes that following amendments be made to the Bye-laws to comply with the revised Listing Rules.

- (i) bye-law 88 will be replaced with a new bye-law to provide for a minimum for seven-day period for lodgment of the notice to nominate a director and the nomination shall commence no earlier than the date after the dispatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting; and
- (ii) bye-law 103 will be replaced with a new bye-law to prohibit Directors from voting at the Board meeting on any matter in which he or any of his associates has a material interest, subject to the exemptions to the prohibitions as permitted under the Listing Rules.

Consequential amendments will also be made to the Bye-laws as a result of the aforesaid amendments.

With the repeal of the Securities and Futures (Clearing House) Ordinance (Chapter 420 Laws of Hong Kong) and the coming into effect of the SFO on 1 April 2003, the Board also proposed to amend the definition of “Clearing House” in the Bye-laws.

The proposed amendments to the Bye-laws are subject to the approval of the Shareholders by way of a special resolution at the AGM. Shareholders should refer to the special resolution specified in the notice of the AGM for details of the proposed amendments.

ANNUAL GENERAL MEETING

The notice convening the AGM, which contains, inter alia, ordinary resolutions to re-elect the retiring Director, to approve the Repurchase Proposal and the general mandate for Directors to issue new Shares and any Shares, representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company, and the special resolution approving the amendments to the Bye-laws of the Company is contained in the Annual Report of the Company sent together with this circular. Shareholders are advised to read the notice and to complete and return the form of proxy for use at the AGM enclosed with the Annual Report in accordance with the instructions printed thereon.

PROCEDURES BY WHICH A POLL MAY BE DEMANDED

Pursuant to bye-law 66 of the Bye-laws, a resolution put to the vote of a 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

LETTER FROM THE BOARD

- (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 Member 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.

RECOMMENDATION

The Directors believe that the Repurchase Proposal, the general mandate for Directors to issue new Shares and any Shares, representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company, the re-election of Director and the proposed amendments to the Bye-laws are all in the best interest of the Company and its Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of such resolutions to be proposed at the AGM.

Yours faithfully,
Tang Ching Ho
Chairman and Managing 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 Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$14,332,036.60 comprising 143,320,366 Shares. In addition, as at the Latest Practicable Date there were outstanding Share Options carrying the rights to subscribe up to an aggregate of 12,428,000 Shares. If such Share Options are exercised in full on or prior to the date of the passing of the resolution in respect of the Repurchase Mandate, a further 12,428,000 Shares will be in issue.

Subject to the passing of the relevant ordinary resolution as set out in the notice of the AGM and assuming that no further Shares are issued or purchased by the Company, the Directors will be authorised to purchase up to 14,332,036 Shares pursuant to the Repurchase Mandate. Assuming that all outstanding Share Options carrying the rights to subscribe up to an aggregate of 12,428,000 Shares are exercised on or before the date of the passing of the resolution in respect of the Repurchase Mandate and assuming no further Shares are issued or purchased by the Company, the total number of Shares in issue will be 155,748,366 and the Directors will be authorised to purchase up to 15,574,836 Shares.

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 purchase Shares in the market. Such purchases 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

In repurchasing Shares, 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 bye-laws and the laws of Bermuda.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the positions disclosed in the Company's annual report for the year ended 31 March 2004 in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period.

The Directors do not propose to exercise the Repurchase Mandate to such extent as could, in the circumstances, have a material adverse effect on the working capital or the gearing level of the Company which in the opinion of the Directors is from time to time appropriate for the Company.

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 AGM, to sell Shares to the Company under the Repurchase Mandate.

No connected person, 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 Repurchase Mandate is granted by the Shareholders at the AGM.

The Company has not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

5. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda so far as the same may be applicable.

6. EFFECT OF THE CODE

If, on the exercise of the power to repurchase Shares pursuant to the 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 Code. As a result, a Shareholder or a group of Shareholders acting in concert (as defined in the 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 Code.

As at the Latest Practicable Date, Mr. Tang Ching Ho, the Chairman and Managing Director of the Company, and parties acting in concert with him were interested or deemed to be interested in approximately 19.34% of the existing issued share capital of the Company. In the event that the Directors should exercise the power to repurchase Shares under the Repurchase Mandate in full, the shareholding of Mr. Tang Ching Ho and parties acting in concert with him will be increased to approximately 21.49% of the issued share capital of the Company.

The Directors are not aware of any consequence which may arise under the Code as a result of any purchases made under the 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>
2003		
August	0.88	0.66
September	1.21	0.76
October	1.02	0.93
November	1.05	0.84
December	1.15	0.82
2004		
January	1.75	1.00
February	2.50	1.43
March	1.79	1.19
April	1.34	0.98
May	1.00	0.64
June	0.97	0.75
July (up to and including the Latest Practicable Date)	1.42	0.84

The biographical details of Dr. Lee Peng Fei, Allen eligible for re-election at the AGM are set out below:

Dr. Lee Peng Fei, Allen, CBE, JP, aged 64, joined the Group in November 1993 as a non-executive director of the Company. He was a member of the Executive Council of Hong Kong from 1985 to 1992 and a member of the Legislative Council of Hong Kong from 1978 to 1997. Dr. Lee has been for the last three years and was as at the Latest Practicable Date, a non-executive director of Vertex Communications and Technology Group Limited and Sam Woo Holdings Limited and an independent non-executive director of AMS Public Transport Holdings Limited, Giordano International Limited, ITE (Holdings) Limited and Playmates Holdings Limited. Dr. Lee has been appointed as an independent non-executive director of Interchina Holdings Company Limited since March 2002.

As at the Latest Practicable Date, Dr. Lee did not have any relationship with any Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) of the Company or any interest in the Shares within the meaning of Part XV of the SFO.

As at the Latest Practicable Date, pursuant to the service contract entered into between the Company and Dr. Lee on 1 February 1997, Dr. Li's appointment is subject to the provisions of the Bye-laws and will hold office until the next annual general meeting of the Company to be held in 2005 and will be eligible for re-election at the meeting and thereafter he will be subject to rotation requirement as other Directors. Dr. Lee is entitled to a director's fee of HK\$97,000 per year.