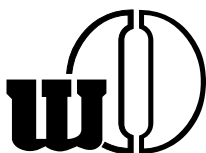

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 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, you should at once hand this circular 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 or transferee.

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)

**POSSIBLE DISCLOSEABLE TRANSACTION —
SUBSCRIPTION OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO
RICH TIME STRATEGY LIMITED ON THE RECORD DATE AND
APPLICATION FOR 285,280,000 EXCESS RIGHTS SHARES
UNDER THE PROPOSED RIGHTS ISSUE
OF WAI YUEN TONG MEDICINE HOLDINGS LIMITED**

Financial adviser to Wang On Group Limited



31 October 2005

* For identification purposes only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Appendix — General information	13

DEFINITIONS

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

“2005 Convertible Notes”	the convertible notes having an outstanding aggregate principal amount of HK\$16,000,000 as at the Latest Practicable Date, issued by WYT on 15 March 2005 to Rich Time entitling it to convert the same into an aggregate of 20,000,000 WYT Shares at the conversion price of HK\$0.80 per WYT Share (subject to adjustment)
“Announcement”	the announcement dated 10 October 2005 jointly issued by the Company and WYT in relation to the Rights Issue and the subscription of provisionally allotted Rights Shares and application for excess Rights Shares by Rich Time as contemplated under the Irrevocable Undertakings
“associate”	the meaning ascribed thereto under 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 Stock Exchange
“concert parties”	the meaning ascribed to parties “acting in concert” under the Takeovers Code
“Convertible Loan Stocks”	the convertible unsecured loan stocks issued by WYT on 12 January 1999
“Directors”	directors of the Company
“Excluded Shareholders”	WYT Shareholders whose names appear on the register of members of WYT on the Record Date and whose addresses as shown on such register are outside Hong Kong where the WYT Directors, after making enquiries, consider it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such WYT Shareholders
“Executive”	the executive director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent WYT Shareholders”	WYT Shareholders, other than (i) the Company and its concert parties; and (ii) those who are involved in, or interested in, the Rights Issue and the Whitewash Waiver
“Irrevocable Undertakings”	the irrevocable undertakings dated 6 October 2005 under which the Company has irrevocably undertaken to procure that Rich Time will, and Rich Time has irrevocably undertaken that it will, (i) subscribe for Rich Time’s full entitlements pursuant to the Rights Issue (being 299,196,993 Rights Shares); (ii) apply for an aggregate of 285,280,000 excess Rights Shares; and (iii) not exercise the conversion rights attaching to the 2005 Convertible Notes prior to the latest time for acceptance of the Rights Shares
“Latest Practicable Date”	28 October 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Posting Date”	the date of despatch of the Prospectus Documents, which according to the WYT Circular, is expected to be 16 November 2005
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be despatched to WYT Shareholders on the Posting Date in connection with the Rights Issue in such form as may be agreed between WYT and the Underwriter
“Prospectus Documents”	the Prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“Qualifying Shareholder(s)”	WYT Shareholder(s), whose name(s) appear(s) on the register of members of WYT as at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	the date by reference to which entitlements to the Rights Issue will be determined, which according to the WYT Circular, is expected to be 16 November 2005
“Rich Time”	Rich Time Strategy Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company

DEFINITIONS

“Rights Issue”	the proposed issue of the Rights Shares by WYT by way of rights issue to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised in the Announcement and the WYT Circular
“Rights Share(s)”	not less than 1,047,260,766 WYT Shares and not more than 1,047,260,892 WYT Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of three rights shares for every existing WYT Share held on the Record Date pursuant to the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.15 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO, being the underwriter to the Rights Issue
“Underwriting Agreement”	the underwriting agreement dated 6 October 2005 entered into between WYT and the Underwriter in relation to the Rights Issue
“Whitewash Waiver”	the waiver from the obligation of the Company and its concert parties to make a mandatory general offer for all the issued WYT Shares not already owned or agreed to be acquired by the Company or its concert parties under Rule 26 of the Takeovers Code pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code as a result of the transactions contemplated under the Underwriting Agreement and the Irrevocable Undertakings
“WYT”	Wai Yuen Tong Medicine Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“WYT Circular”	the circular dated 31 October 2005 issued by WYT in relation to, among others, the Rights Issue

DEFINITIONS

“WYT Directors”	directors of WYT
“WYT Group”	WYT and its subsidiaries
“WYT SGM”	the special general meeting of WYT to be convened to consider and, if thought fit, approve, among others, the Rights Issue and the Whitewash Waiver
“WYT Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of WYT
“WYT Shareholder(s)”	holder(s) of WYT Share(s)
“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

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

Mr. Siu Kam Chau

Registered office:

Clarendon House

2 Church Street

41 Cedar Avenue

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

31 October 2005

To the Shareholders

Dear Sir/Madam

**POSSIBLE DISCLOSEABLE TRANSACTION —
SUBSCRIPTION OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO
RICH TIME STRATEGY LIMITED ON THE RECORD DATE AND
APPLICATION FOR 285,280,000 EXCESS RIGHTS SHARES
UNDER THE PROPOSED RIGHTS ISSUE
OF WAI YUEN TONG MEDICINE HOLDINGS LIMITED**

INTRODUCTION

On 10 October 2005, the Board announced that on 6 October 2005, the Company irrevocably undertook to procure that Rich Time (an indirect wholly owned subsidiary of the Company) would, and Rich Time irrevocably undertook to, among other things, (i) subscribe for Rich Time's full entitlements pursuant to the Rights Issue (being 299,196,993 Rights Shares); and (ii) apply for an

* For identification purposes only

LETTER FROM THE BOARD

aggregate of 285,280,000 excess Rights Shares under the Rights Issue. It was stated in the Announcement that WYT proposed the Rights Issue of not less than 1,047,260,766 Rights Shares and not more than 1,047,260,892 Rights Shares at the subscription price of HK\$0.15 per Rights Share on the basis of three Rights Shares for every existing WYT Share held on the Record Date. The Rights Issue is subject to the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms.

The subscription of the Rights Shares provisionally allotted to Rich Time on the Record Date together with the application for 285,280,000 excess Rights Shares by Rich Time under the Rights Issue pursuant to the Irrevocable Undertakings constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information in relation to the subscription and application for the Rights Shares under the Irrevocable Undertakings.

INFORMATION RELATING TO THE RIGHTS ISSUE

The following sets out certain information relating to the Rights Issue based on the Announcement and the WYT Circular. Further details of the Rights Issue are set out in the Announcement and the WYT Circular.

Issue statistics

Basis of the Rights Issue	:	Three Rights Shares for every existing WYT Share held on the Record Date
Subscription Price	:	HK\$0.15 per Rights Share
Number of WYT Shares in issue as at the Latest Practicable Date	:	349,086,922 WYT Shares
Number of Rights Shares	:	Not less than 1,047,260,766 Rights Shares and not more than 1,047,260,892 Rights Shares
Number of Rights Shares undertaken to be taken up by Rich Time	:	Pursuant to the Irrevocable Undertakings, the Company has irrevocably undertaken to procure that Rich Time will, and Rich Time has irrevocably undertaken to, take up all of Rich Time's entitlements under the Rights Issue (being 299,196,993 Rights Shares) and, in addition, make an excess application for 285,280,000 Rights Shares under the Rights Issue. WYT will comply with Rule 7.21(1)(a) of the Listing Rules pursuant to which Rights Shares under excess application will be allocated on a fair basis.

LETTER FROM THE BOARD

Number of Rights Shares underwritten by the Underwriter (being Kingston Securities Limited)	:	Not less than 462,783,773 Rights Shares and not more than 462,783,899 Rights Shares are fully underwritten by the Underwriter pursuant to the Underwriting Agreement
Number of WYT Shares in issue upon completion of the Rights Issue	:	Not less than 1,396,347,688 WYT Shares and not more than 1,396,347,856 WYT Shares
Proceeds of the Rights Issue and intended use of net proceeds	:	Approximately HK\$157.1 million, before expenses, and approximately HK\$152.1 million, after estimated expenses. WYT intends to apply the net proceeds of the Rights Issue as to approximately HK\$16 million for the redemption of the 2005 Convertible Notes, approximately HK\$50 million for the repayment of bank loan, approximately HK\$8 million to open new retail shops, and the remaining balance of approximately HK\$78.1 million for general working capital of the WYT Group. Out of HK\$78.1 million, WYT intends that approximately HK\$30 million will be set aside for the purpose of any possible investment in new business opportunities. As at the Latest Practicable Date, no particular investment had been identified by WYT and should any investment to be made, WYT will comply with the Listing Rules. The WYT Directors consider that the Rights Issue could strengthen the financial position of the WYT Group and will enable suitable investments to be made promptly as and when the opportunities arise.

As at the Latest Practicable Date, save for (i) the 2005 Convertible Notes; and (ii) the Convertible Loan Stocks which entitle the holders thereof to subscribe for/convert the same into an aggregate of 42 WYT Shares at £14 per WYT Share (subject to adjustment), WYT had no outstanding options, warrants or other instruments convertible into WYT Shares.

Subscription Price

The subscription price for the Rights Shares is HK\$0.15 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her provisional allotment of Rights Shares under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 49.15% to the closing price of HK\$0.2950 per WYT Share as quoted on the Stock Exchange on 5 October 2005, being the last trading day before the date of the Announcement;

LETTER FROM THE BOARD

- (ii) a discount of approximately 19.48% to the theoretical ex-entitlement price of approximately HK\$0.1863 per WYT Share based on the closing price of WYT Shares as quoted on the Stock Exchange on 5 October 2005; and
- (iii) a discount of approximately 50.08% to the average closing price of HK\$0.3005 per WYT Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 5 October 2005.

The Subscription Price was determined after arm's length negotiations between WYT and the Underwriter. The Subscription Price also represents:

- (i) a discount of approximately 3.85% to the closing price of HK\$0.1560 per WYT Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 0.99% to the theoretical ex-entitlement price of HK\$0.1515 per WYT Share based on the closing price of WYT Shares as quoted on the Stock Exchange on the Latest Practicable Date; and
- (iii) a discount of approximately 7.46% to the average closing price of HK\$0.1621 per WYT Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Latest Practicable Date.

Application for listing

WYT has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

Conditions of the Underwriting Agreement and the Rights Issue

The Underwriting Agreement is subject to, inter alia, the following conditions being fulfilled:

- (i) the passing by the Independent WYT Shareholders at the WYT SGM of resolutions to approve the Rights Issue and the Whitewash Waiver by way of poll;
- (ii) the Executive granting the Whitewash Waiver;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of, and permission to deal in, the Rights Shares, in their nil-paid and fully-paid forms;
- (iv) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents in compliance with the Listing Rules and the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and the filing of one copy of each of the Prospectus Documents with the Registrar of Companies in Bermuda;

LETTER FROM THE BOARD

- (v) if required, the Bermuda Monetary Authority having granted the permission in respect of the issue of the Rights Shares;
- (vi) the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus stamped “For information only” to the Excluded Shareholders, in each case, on the Posting Date; and
- (vii) (a) the delivery by WYT to the Underwriter of the Irrevocable Undertakings duly executed by the Company and Rich Time forthwith after the signing of the Underwriting Agreement; and (b) the compliance by the Company and Rich Time of all of their obligations as set out in the Irrevocable Undertakings.

None of the above conditions can be waived by the Underwriter. If any of the above conditions (i), (iv), (vi) and (vii)(a) are not fulfilled on or before the Posting Date or if any of the above conditions (ii), (iii), (v) and (vii)(b) are not fulfilled on or before the latest time for the Rights Issue to become unconditional (which according to the WYT Circular, is expected to be 6 December 2005), the Rights Issue shall lapse. The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

Restoration of public float

The Stock Exchange has stated that if, upon completion of the Rights Issue, less than 25% of the WYT Shares are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading in the WYT Shares; or
- there are too few WYT Shares in public hands to maintain an orderly market;

then it will consider exercising its discretion to suspend trading in the WYT Shares until a sufficient public float is attained.

Assuming (i) none of the Qualifying Shareholders take up any provisional allotments of the Rights Shares except that Rich Time takes up all of its entitlement under the Rights Issue (being 299,196,993 Rights Shares) and the 285,280,000 Rights Shares under the excess application made by Rich Time pursuant to the Irrevocable Undertakings have been fully allocated; (ii) the Convertible Loan Stocks and the 2005 Convertible Notes have not been exercised/converted prior to completion of the Rights Issue; and (iii) there is no change in the shareholding structure of WYT from the Latest Practicable Date to immediately before completion of the Rights Issue, the public float of the WYT Shares will drop to approximately 17.86% immediately after completion of the Rights Issue. WYT undertakes that it will make prior arrangements before completion of the Rights Issue to ensure minimum public float is maintained immediately after the issue of the Rights Shares.

LETTER FROM THE BOARD

THE IRREVOCABLE UNDERTAKINGS

On 6 October 2005, the Company and Rich Time made the Irrevocable Undertakings to WYT and the Underwriter pursuant to which, among other things, the Company irrevocably undertook to procure that Rich Time would, and Rich Time irrevocably undertook that it would, (i) subscribe for Rich Time's full entitlements pursuant to the Rights Issue (being 299,196,993 Rights Shares and having a total subscription price of approximately HK\$44,879,549 payable in cash); (ii) apply for an aggregate of 285,280,000 excess Rights Shares under the Rights Issue (having a total subscription price of HK\$42,792,000 payable in cash); and (iii) not exercise the conversion rights attaching to the 2005 Convertible Notes prior to the latest time for acceptance of the Rights Shares. According to the WYT Circular, the latest time for acceptance of and payment for Rights Shares is expected to be 4:00 p.m. on 1 December 2005.

As at the Latest Practicable Date, Rich Time was the substantial shareholder of WYT owning 99,732,331 WYT Shares, representing approximately 28.57% of the issued share capital of WYT as at the Latest Practicable Date, and the holder of the 2005 Convertible Notes which were convertible into 20,000,000 WYT Shares at HK\$0.8 per WYT Share (subject to adjustment).

Assuming (i) Rich Time takes up all of its entitlements under the Rights Issue (being 299,196,993 Rights Shares); (ii) an insufficient number of Qualifying Shareholders (excluding Rich Time) subscribe for the Rights Shares such that the 285,280,000 Rights Shares applied for by Rich Time under the excess application form are fully and successfully allotted to Rich Time; and (iii) there is no change in the issued share capital and shareholding structure of WYT from the Latest Practicable Date to immediately before completion of the Rights Issue, the Company and its concert parties will increase their aggregate shareholding from approximately 28.57% of the existing issued share capital of WYT to approximately 49.00% of the issued share capital of WYT as enlarged by the issue of Rights Shares upon completion of the Rights Issue. Under Rule 26 of the Takeovers Code, the Company and its concert parties will be required to make a mandatory general offer for all the issued WYT Shares not already owned or agreed to be acquired by the Company or its concert parties. An application has been made by the Company and its concert parties to the Executive for the Whitewash Waiver, which, if granted, would be subject to the approval of the Independent WYT Shareholders on a vote taken by way of poll at the WYT SGM. If the Whitewash Waiver is granted and approved by the Independent WYT Shareholders, the obligation of the Company and its concert parties to make a mandatory general offer under Rule 26 of the Takeovers Code will be waived. The Executive has indicated that the Whitewash Waiver will be granted, subject to the approval of the Independent WYT Shareholders by way of poll at the WYT SGM. Completion of the Rights Issue is conditional upon, among other things, the granting of the Whitewash Waiver by the Executive. Therefore, if the Whitewash Waiver is not obtained or approved by the Independent WYT Shareholders, the Rights Issue will lapse and will not proceed.

Save for the Irrevocable Undertakings, the Company and its concert parties, including Rich Time, had not dealt in WYT Shares during the period beginning six months prior to the date of the Underwriting Agreement and ending on the Latest Practicable Date.

LETTER FROM THE BOARD

INFORMATION ON WYT GROUP

The WYT Group is principally engaged in (i) manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under the name of “Wai Yuen Tong” and a range of products manufactured by selected medicinal materials with traditional prescription, mainly in the PRC and Hong Kong; (ii) manufacturing, processing and retailing of western pharmaceutical products under the brand name of “Madame Pearl’s”; and (iii) property holding and investment.

Based on the annual reports of WYT for the year ended 31 March 2004 and 31 March 2005, the audited consolidated net asset value of WYT as at 31 March 2004 and 31 March 2005 were approximately HK\$353.7 million and HK\$591.2 million respectively. The following table sets out a summary of the audited consolidated results of WYT for the year ended 31 March 2004 and 31 March 2005 based on its annual reports:

	For the year ended 31 March 2004 (Audited) HK\$'000	For the year ended 31 March 2005 (Audited) HK\$'000
Turnover	349,225	326,909
Loss before taxation	(28,248)	(61,580)
Loss before minority interests	(29,986)	(67,227)
Loss attributable to shareholders	(30,006)	(66,975)

INFORMATION ON THE GROUP AND REASONS FOR AND EFFECTS OF THE SUBSCRIPTION OF PROVISIONALLY ALLOTTED RIGHTS SHARES AND APPLICATION FOR EXCESS RIGHTS SHARES

The Group is principally engaged in property development and property investment; the management and sub-licensing of Chinese wet markets, shopping centres and car parks; and retail businesses. It also has interests in the pharmaceutical business through its investments in WYT.

With the increasing health awareness of the public and in particular the increasing popularity of Chinese medicinal and health related products, the Directors believe that the future of the pharmaceutical industry is promising. Given the established brand names of “Wai Yuen Tong” and “Madame Pearl’s” and the expertise and experience of the WYT Group in the pharmaceutical business, the Directors consider the WYT Group to be well positioned to take advantage of the anticipated growth in the pharmaceutical industry. The Directors are of the opinion that the terms of the Irrevocable Undertakings are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The subscription price payable for the Rights Shares provisionally allotted to Rich Time and the excess Rights Shares to be applied for by Rich Time pursuant to the Irrevocable Undertakings will be financed by internal resources of the Group and bank borrowings.

According to the annual report of WYT for the year ended 31 March 2005, the audited consolidated net asset value of WYT as at 31 March 2005 was approximately HK\$591.2 million, representing approximately HK\$1.69 per WYT Share (based on the number of WYT Shares in issue as at the Latest Practicable Date of 349,086,922) which is higher than the Subscription Price. Assuming the Group's interest in the net fair value of the WYT Group's identifiable assets, liabilities and contingent liabilities upon completion of the Rights Issue in relation to the Rights Shares allotted to the Group exceeds the subscription price paid by the Group for the Rights Shares allotted to the Group, the excess will be recognized as a gain in the consolidated income statement of the Company in the financial year in which completion of the Rights Issue takes place and the net asset value of the Group will be increased accordingly. Any bank borrowings incurred to finance the subscription and application for the Rights Shares by Rich Time will increase the total liabilities of the Group without affecting the net asset value of the Group.

Assuming (i) Rich Time takes up all of its entitlements under the Rights Issue (being 299,196,993 Rights Shares); (ii) an insufficient number of Qualifying Shareholders (excluding Rich Time) subscribe for the Rights Shares such that the 285,280,000 Rights Shares applied for by Rich Time under the excess application form are fully and successfully allotted to Rich Time; and (iii) there is no change in the issued share capital and shareholding structure of WYT from the Latest Practicable Date to immediately before completion of the Rights Issue, the Group's shareholding interest in WYT will be increased from approximately 28.57% as at the Latest Practicable Date to approximately 49.00% upon completion of the Rights Issue. Accordingly, WYT will continue to be an associate of the Group and the Group's share of results of WYT will increase proportionately to the increase of the Group's shareholding interest in WYT. As disclosed in the WYT Circular, WYT intends to apply approximately HK\$16 million of the net proceeds of the Rights Issue for the redemption of the 2005 Convertible Notes. The 2005 Convertible Notes carry interest at 3% per annum. After redemption of the 2005 Convertible Notes by WYT, no interest income will be derived from the 2005 Convertible Notes. Assuming part of the subscription of the provisionally allotted Rights Shares and the application for excess Rights Shares by Rich Time is to be financed by bank borrowings, interest expenses will be incurred on such bank borrowings.

ADDITIONAL INFORMATION

Your attention is also drawn to the general information as set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of
Wang On Group Limited
Tang Ching Ho
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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 herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors’ interests and short position in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in Shares

Name of Director	Number of Shares held, capacity and nature of interest				Total	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date
	Personal interest	Family interest	Corporate interest	Other interest		
Mr. Tang Ching Ho	737,226	737,224 (Note (a))	2,696,672 (Note (b))	31,192,155 (Note (c))	35,363,277	15.74%
Ms. Yau Yuk Yin	737,224	3,433,898 (Note (d))	—	31,192,155 (Note (e))	35,363,277	15.74%

Notes:

- (a) Mr. Tang Ching Ho was taken to be interested in those Shares in which his spouse, Ms. Yau Yuk Yin, was interested.
- (b) Mr. Tang Ching Ho was taken to be interested in those Shares in which Caister Limited, a company which is wholly and beneficially owned by him, was interested.
- (c) Mr. Tang Ching Ho was taken to be interested in those Shares by virtue of being the founder of a discretionary trust, namely Tang’s Family Trust.

- (d) Ms. Yau Yuk Yin was taken to be interested in those Shares in which her spouse, Mr. Tang Ching Ho, was interested.
- (e) Ms. Yau Yuk Yin was taken to be interested in those Shares by virtue of being a beneficiary of Tang’s Family Trust.

The interests of Mr. Tang Ching Ho and Ms. Yau Yuk Yin in the Shares mentioned above also fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) **Persons who have an interest or short position in the shares or underlying shares of the Company which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders**

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Name	Number of Shares held	Approximate
		percentage of the issued share capital of the Company as at the Latest Practicable Date
Accord Power Limited	31,192,155	13.89%
Trustcorp Limited (<i>Note</i>)	31,192,155	13.89%

Note: Accord Power Limited is wholly owned by Trustcorp Limited in its capacity as the trustee of Tang’s Family Trust; accordingly, Trustcorp Limited was taken to be interested in those Shares held by Accord Power Limited.

Save as disclosed above, so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, no other person (not being a Director or chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the employing company within one year without payment of compensation other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

6. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, 41 Cedar Avenue, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company is at 5th Floor, Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Mr. Leong Weng Kin, CPA.
- (c) The company secretary of the Company is Mr. Chan Chun Hong, Thomas. He is a fellow member of The Association of Chartered Certified Accountants and a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants.
- (d) The branch share registrar of the Company in Hong Kong is Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.