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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)

(1) MAJOR TRANSACTION - PROPOSED DISPOSAL OF PROPERTY AND (2) RESUMPTION OF TRADING

SUMMARY

On 25 January 2006, DRIL, a wholly owned subsidiary of the Company, entered into the Agreement pursuant to which DRIL conditionally agreed to sell to the Purchaser the Property for a cash consideration of HK\$149.9 million. The consideration was determined after arm's length negotiations between the parties.

The Directors estimate that the Disposal will result in a gain before taxation of approximately HK\$41.4 million after taking into account the relevant expenses in relation to the Disposal. Part of the net proceeds from the Disposal will be applied for fully repaying the bank loan secured by the Property and the remaining balance will be used as the Group's working capital.

The Disposal constitutes a major transaction for the Company pursuant to Rule 14.06(3) of the Listing Rules and is subject to the Shareholders' approval in the SGM.

A circular containing, amongst other things, further information relating to the Agreement and the Disposal and a valuation report on the Property, together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

Trading in the shares in the Company was suspended at the request of the Company with effect from 9:30 a.m. on 26 January 2006 pending the release of this announcement. Application has been made to the Stock Exchange for a resumption of trading in the shares in the Company with effect from 9:30 a.m. on 27 January 2006.

INTRODUCTION

On 25 January 2006, DRIL, a wholly owned subsidiary of the Company, entered into the Agreement pursuant to which DRIL conditionally agreed to sell to the Purchaser the Property for a cash consideration of HK\$149.9 million.

THE AGREEMENT

Date of execution: 25 January 2006

Vendor: DRIL, a wholly owned subsidiary of the Company

Purchaser: Aniwell Investments Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are not connected with the Company, the director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them. To the best of the Directors' knowledge, the Purchaser is an investment holding company

Asset subject to the Disposal: the entirety of the six 5-storey commercial and residential buildings located at Nos. 12, 14, 16, 18, 20 and 22 Davis Street, Kennedy Town, Hong Kong

Consideration: HK\$149.9 million, which was determined after arm's length negotiations between the parties and was agreed on normal commercial terms between the parties. In arriving at the consideration, the Directors have taken into account the prevailing market conditions and prices of similar properties located in the nearby area. The Property occupies a site area of approximately 4,966 square feet. The Company has undertaken that a 3-feet wide back lane adjacent to the Property would not render the area of the Property to less than 4,966 square feet. In the event that the site area of the Property is less than 4,966 square feet due to the back lane, the consideration shall be reduced in proportion to the reduction in the site area.

Pursuant to the Agreement, the consideration for the Disposal shall be paid by the Purchaser in the following manners:

- (i) a sum of HK\$5,000,000 has been paid as deposit and in part payment of the purchase price upon signing of the Agreement;
- (ii) a sum of HK\$9,990,000 has been paid on 26 January 2006; and
- (iii) the balance of HK\$134,910,000 shall be paid upon completion of the Disposal.

Condition Precedent:

Completion of the Disposal is conditional upon, among other things, the approval of the Agreement and the Disposal by the Shareholders in the SGM, which shall be held on or before 31 March 2006.

Completion:

Completion shall take place on or before 10 April 2006.

In the event that the Agreement and the Disposal are not approved by the Shareholders in the SGM, DRIL shall be entitled to cancel the Agreement and refund all amounts paid by the Purchaser and the Purchaser shall have no further claim against DRIL for damage or specific performance.

INFORMATION ON PROPERTY

The acquisition of all units of the Property was completed by the Group on 18 October 2005 with an aggregate total cost of acquisition amounted to approximately HK\$100.3 million. The Group acquired 29 units out of the total of 31 units of the Property through the acquisition of DRIL from Mr. Tang in September 2004, details of which are set out in the Company's announcement and circular dated 30 September 2004 and 5 November 2004 respectively. The Group subsequently acquired the 2 remaining units from independent third parties in August 2005, details of which are also set out in the Company's announcement dated 12 August 2005. To the best of the Directors' knowledge, the vendors for the Properties as mentioned above are not connected with the Purchaser. Currently, all units of the Property are vacant. Details of the Property are summarised below:

Address: the entire six 5-storey commercial and residential buildings at Nos. 12, 14, 16, 18, 20 and 22 Davis Street, Kennedy Town, Hong Kong.

Site area: the Property occupies a site area of approximately 4,966 square feet.

The net book value of the Property as at 24 January 2006 was approximately HK\$105.2 million. There is no revenue attributable to the Property since the date of acquisition of the Property.

Based on the total cost of acquisition of the Property, the Directors estimate that the Group will record a gain before taxation of approximately HK\$41.4 million arising from the Disposal after taking into account the relevant expenses in relation to the Disposal. Such gain is expected to be recognized in the profit and loss account of the Group for the year ending 31 March 2007.

REASONS FOR THE DISPOSAL

The acquisition of all units of the Property was completed on 18 October 2005 with an aggregate total cost of acquisition of approximately HK\$100.3 million. Having regard to the consideration for the Disposal of HK\$149.9 million and the gain before taxation arising from the Disposal of approximately HK\$41.4 million after taking into account the relevant expenses in relation to the Disposal, the Directors consider that the terms of the Disposal are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Part of the net proceeds from the Disposal will be applied for fully repaying the bank loan secured by the Property and the remaining balance will be used as the Group's working capital. As at the date of this announcement, the aggregate amount of the bank loan secured by the Property was approximately HK\$47.6 million and the interest accrued thereto was approximately HK\$0.3 million.

GENERAL

The Group is principally engaged in property development, property investment, the management and sub-licensing of Chinese wet markets, shopping centres, car parks and retail business. 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 Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to approval by the Shareholders in the SGM. So far as is known to the Directors, no Shareholder has a material interest in the Disposal and accordingly no Shareholder is required to abstain from voting at the SGM to approve the Agreement and the Disposal. In this regard, Mr. Tang has undertaken to the Purchaser that he will vote in favor of the resolutions in approving the Disposal at the SGM.

A circular containing, amongst other things, further information relating to the Agreement and the Disposal and a valuation report on the Property, together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the shares in the Company was suspended at the request of the Company with effect from 9:30 a.m. on 26 January 2006 pending the release of this announcement. Application has been made to the Stock Exchange for a resumption of trading in the shares in the Company with effect from 9:30 a.m. on 27 January 2006.

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, Dr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“Agreement”	the sale and purchase agreement entered into by DRIL on 25 January 2006 in respect of the Disposal
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Wang On Group Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property pursuant to the terms of the Agreement
“DRIL”	Dragon Richly Investment Limited, a wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tang”	Mr. Tang Ching Ho, the chairman of the Company, together with his associates interested in approximately 15.74% of the issued share capital of the Company
“Property”	the entirety of the six 5-storey commercial and residential buildings situated at Nos. 12, 14, 16, 18, 20 and 22 Davis Street, Kennedy Town, Hong Kong
“Purchaser”	Aniwell Investments Limited. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are not connected with the Company, the director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them. To the best of the Directors’ knowledge, the Purchaser is an investment holding company
“SGM”	the special general meeting of the Company to be convened to approve the Agreement and the Disposal

“Shareholders”	holders of the shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
Wang On Group Limited
Tang Ching Ho
Chairman

Hong Kong, 26 January 2006

** For identification purpose only*

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