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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)

(I) PROPOSED SHARE CONSOLIDATION;

(II) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE CONSOLIDATED SHARE HELD AT THE RECORD DATE AND TIME WITH BONUS ISSUE ON THE BASIS OF TWO BONUS SHARES FOR EVERY THREE RIGHTS SHARES TAKEN UP UNDER THE RIGHTS ISSUE;

(III) APPLICATION FOR WHITEWASH WAIVER;

AND

(IV) RESUMPTION OF TRADING

Financial adviser to Wang On Group Limited



KINGSTON CORPORATE FINANCE LIMITED

Underwriter to the Rights Issue



KINGSTON SECURITIES LIMITED

** For identification purpose only*

PROPOSED SHARE CONSOLIDATION

The Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every five issued Shares of HK\$0.01 each into one issued Consolidated Share of HK\$0.05 and the consolidation of every five unissued Shares of HK\$0.01 each into one unissued Consolidated Share of HK\$0.05.

The board lot size for trading in the Shares is 20,000 Shares at present. After the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 20,000 Consolidated Shares.

PROPOSED RIGHTS ISSUE WITH BONUS ISSUE

Conditional upon the Share Consolidation becoming effective, the Company proposes to raise not less than approximately HK\$301.7 million but not more than approximately HK\$307.2 million before expenses, by way of Rights Issue of not less than 1,631,233,962 Rights Shares and not more than 1,660,480,104 Rights Shares at the Subscription Price of HK\$0.185 per Rights Share on the basis of three (3) Rights Shares for every one (1) Consolidated Share held at the Record Date and Time and payable in full on acceptance.

Subject to the satisfaction of the conditions of the Rights Issue, the Bonus Shares will be issued to the first registered holders of the Rights Shares on the basis of two (2) Bonus Shares for every three (3) Rights Shares taken up under the Rights Issue. On the basis of not less than 1,631,233,962 Rights Shares and not more than 1,660,480,104 Rights Shares to be issued under the Rights Issue, not less than 1,087,489,308 Bonus Shares (assuming no fractional entitlement(s) result(s) when determining the number of Bonus Shares to be issued) and not more than 1,106,986,736 Bonus Shares will be issued.

The estimated net proceeds from the Rights Issue will be not less than approximately HK\$294.5 million but not more than approximately HK\$299.8 million and are intended to be used for the Group's property investment and development business.

THE IRREVOCABLE UNDERTAKING, IMPLICATION UNDER THE TAKEOVERS CODE AND WHITEWASH WAIVER

As at the date of this announcement, Mr. Tang is directly and indirectly through his associates interested in 574,691,264 Shares in aggregate, representing approximately 21.14% of the existing issued share capital of the Company. Mr. Tang has given an Irrevocable Undertaking, in favour of the Company and the Underwriter, among other things, that (1) he will subscribe for or procure subscriptions by his associates for the 344,814,756 Rights Shares (with Bonus Shares) to which he and his respective associates will be entitled to pursuant to the terms of the Rights Issue; (2) the Shares or the Consolidated Shares (as the case may be) comprising his and his associates' current shareholding will remain registered in the names of them or their respective associates at the close of business at the Record Date and Time as they are on the date of the Irrevocable Undertaking; (3) he will procure that the applications in respect of the 344,814,756 Rights Shares (with Bonus Shares) comprising his and his associates' entitlements under the Rights Issue will be lodged with the Registrar, with payment in full therefor in cash, by no later than the Latest Time for Acceptance and otherwise in accordance with the instructions printed on the PAL(s); and (4) he will apply for or procure applications by his associates, by way of excess application, for an additional 580,000,000 Rights Shares (with Bonus Shares) that are not taken up by the Qualifying Shareholders under the Rights Issue.

Assuming:

- (1) Mr. Tang and his associates subscribe for their respective provisional entitlements of the Rights Issue in full in accordance with the Irrevocable Undertaking; and
- (2) not all Qualifying Shareholders (other than Mr. Tang and his associates) take up the Rights Shares to which they are entitled upon completion of the Rights Issue, and Mr. Tang and his associates subscribe for an additional 580,000,000 Rights Shares pursuant to the Irrevocable Undertaking,

the interests held by Mr. Tang and parties acting in concert with him will increase from approximately 21.14% of the existing issued share capital of the Company to approximately 50.77% of the then enlarged issued share capital of the Company immediately upon completion of the Rights Issue and the Bonus Issue, thereby triggering an obligation, in the absence of the Whitewash Waiver, on Mr. Tang and parties acting in concert with him to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Consolidated Shares and securities issued by the Company not already owned or agreed to be acquired by Mr. Tang and parties acting in concert with him.

An application will be made by Mr. Tang to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval by the Independent Shareholders at the SGM by way of poll, whereby each of Mr. Tang, parties acting concert with him, Mr. Chan Chun Hong, Thomas (should he exercise his Share Options and become a Shareholder before the SGM) and parties acting in concert with him, and those who are interested in, or involved in, the Irrevocable Undertaking, the Underwriting Agreement and the Whitewash Waiver, will abstain from voting in respect of all resolution(s) related to the Rights Issue, the Bonus Issue and the Whitewash Waiver.

Completion of the Rights Issue is conditional upon, among other things, the granting of the Whitewash Waiver by the Executive. If the Whitewash Waiver is not granted by the Executive, the Rights Issue will not proceed.

GENERAL

Pursuant to the Takeovers Code, the Whitewash Waiver, the Rights Issue and the Bonus Issue are subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholder and their associates, or where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the company and their respective associates will abstain from voting in favour of the resolutions relating to the Whitewash Waiver, the Rights Issue and the Bonus Issue. As at the date of this announcement, there is no controlling Shareholder. Accordingly, Mr. Tang, an executive Director, and parties acting in concert with him, who in aggregate held approximately 21.14% of the existing issued share capital of the Company as at the date of this announcement and Mr. Chan Chun Hong, Thomas (should he exercise his Share Options and become a Shareholder before the SGM) and parties acting in concert with him will abstain from voting in respect of the resolutions relating to the Whitewash Waiver, the Rights Issue and the Bonus Issue at the SGM.

The Company will establish an independent board committee to advise the Independent Shareholders as to whether the terms of the Whitewash Waiver, the Rights Issue and the Bonus Issue are fair and reasonable and whether the Whitewash Waiver, the Rights Issue and the Bonus Issue are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms of the Whitewash Waiver, the Rights Issue and the Bonus Issue are fair and reasonable. An announcement relating to the appointment of the independent financial adviser will be issued as soon as practicable.

A circular containing, among other things, further details of the Share Consolidation, the Rights Issue, the Bonus Issue and the Whitewash Waiver, and a notice convening the SGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code.

Upon passing of the necessary resolution(s) by the Shareholders (where applicable, the Independent Shareholders) at the SGM approving the Share Consolidation, the Rights Issue, the Bonus Issue and the Whitewash Waiver, and upon the Share Consolidation becoming effective, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable whereas the Prospectus will be despatched to the Excluded Shareholders for their information only.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional upon the fulfillment of the conditions set out in the section headed “Conditions of the Rights Issue and the Bonus Issue” in this announcement. In particular, the Rights Issue is conditional, among others, upon:

- (i) the Listing Committee granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in, the Rights Shares in nil-paid and fully-paid forms prior to Tuesday, 23 February 2010, being the expected date of commencement of dealings in the Rights Shares in nil-paid form (or such other date as may be agreed between the Company and the Underwriter);**
- (ii) the granting of the Whitewash Waiver by the Executive; and**

(iii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (set out in the section headed “Termination of the Underwriting Agreement” in this announcement).

If the conditions of the Rights Issue are not fulfilled or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between Tuesday, 23 February 2010 to Tuesday, 2 March 2010 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Wednesday, 13 January 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Friday, 15 January 2010.

PROPOSED SHARE CONSOLIDATION

The Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every five issued Shares of HK\$0.01 each into one issued Consolidated Share of HK\$0.05 and the consolidation of every five unissued Shares of HK\$0.01 each into one unissued Consolidated Share of HK\$0.05.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 20,000,000,000 Shares of HK\$0.01 each, of which 2,718,723,270 Shares have been issued and are fully paid. Assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM, immediately after the Share Consolidation, the authorised share capital of the Company will become HK\$200,000,000 divided into 4,000,000,000 Consolidated Shares of HK\$0.05 each, of which 543,744,654 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's Bye-Laws. Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of the Consolidated Shares will be aggregated and sold for the benefit of the Company.

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, a designated broker will be appointed to match the purchase and sale of odd lots of the Consolidated Shares at the relevant market price per Consolidated Share for the period from 9:30 a.m. on Friday, 5 March 2010 to 4:00 p.m. on Thursday, 25 March 2010 (both dates inclusive). Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the circular to be despatched to the Shareholders in relation to, *inter alia*, the Share Consolidation, the Rights Issue, the Bonus Issue and the Whitewash Waiver.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders as a whole. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due. The Share Consolidation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

The board lot size for trading in the Shares is 20,000 Shares at present. After the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 20,000 Consolidated Shares.

Reasons for the Share Consolidation

The Share Consolidation will increase the nominal value of the shares of the Company. It is expected that the Share Consolidation would bring about corresponding upward adjustments in the trading price of the Consolidated Shares on

the Stock Exchange and the Board believes that it may attract more investors and extend the shareholders base of the Company. The Board therefore believes that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Conditions of the Share Consolidation

The Share Consolidation (which will be effected in accordance with the Bye-Laws and the Companies Act) is conditional upon:

- (i) the passing of the necessary resolution(s) by the Shareholders to approve the Share Consolidation at the SGM to be convened by the Company; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the Consolidated Shares in issue arising from the Share Consolidation.

Assuming the above conditions are fulfilled, it is expected that the Share Consolidation will become effective on the same date after the passing of the relevant resolution(s) approving the Share Consolidation. Subject to the passing of the requisite resolution(s) at the SGM approving the Share Consolidation, the Share Consolidation will comply with the laws of Bermuda.

Listing and Dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Free exchange of Share certificates

Subject to the Share Consolidation becoming effective, Shareholders may submit certificates for the existing Shares, to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, of 26/F., Tesbury Centre, 28

Queen's Road East, Wanchai, Hong Kong for exchange from Friday, 19 February 2010 to Monday, 29 March 2010 (both dates inclusive), at the expense of the Company for certificates of the Consolidated Shares. Thereafter, certificates for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate of the existing Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever number of certificates cancelled/issued is higher. The existing certificates will be valid for trading and settlement up to 4:00 p.m. on Thursday, 25 March 2010, being the latest time for trading in board lot of 4,000 Consolidated Shares in the form of existing certificates (or such other date which will be announced by the Company) and will continue to be good evidence of legal title after the Share Consolidation has become effective and may be exchanged for certificates of the Consolidated Shares at any time in accordance with the foregoing.

PROPOSED RIGHTS ISSUE AND BONUS ISSUE

The Rights Issue and the Bonus Issue are proposed to take place after the Share Consolidation becoming effective.

Issue statistics

Basis of the Rights Issue	: Three (3) Rights Shares for every one (1) Consolidated Share held at the Record Date and Time and payable in full on acceptance, together with two (2) Bonus Shares for every three (3) Rights Shares taken up
Subscription Price	: HK\$0.185 per Rights Share
Number of Shares in issue as at the date of this announcement	: 2,718,723,270 Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	: 543,744,654 Consolidated Shares (assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM) or 553,493,367.8* Consolidated Shares (assuming all rights attaching to the outstanding Share Options are exercised before the date of the SGM)
Number of Rights Shares	: Not less than 1,631,233,962 Rights Shares but not more than 1,660,480,104 Rights Shares

Number of Bonus Shares : Not less than 1,087,489,308** Bonus Shares and not more than 1,106,986,736 Bonus Shares to be issued to the first registered holders of the Rights Shares on the basis of two (2) Bonus Shares for every three (3) Rights Shares taken up under the Rights Issue

Total Number of Consolidated Shares in issue upon completion of the Rights Issue and the Bonus Issue : Not less than 3,262,467,924** Consolidated Shares but not more than 3,320,960,208 Consolidated Shares

* *The Company will issue additional fractional Consolidated Share such that the total number of Consolidation Shares will be in round number.*

** *Assuming no fractional entitlement(s) result(s) when determining the number of Bonus Shares to be issued.*

Assuming no exercise of any Share Options on or before the Record Date and Time, the minimum total number of Rights Shares and Bonus Shares of 2,718,723,270 Consolidated Shares (assuming no fractional entitlement(s) result(s) when determining the number of Bonus Shares to be issued) represents:

- (i) 500% of the number of Consolidated Shares immediately upon completion of the Share Consolidation (based on the Company's existing issued share capital as at the date of this announcement); and
- (ii) approximately 83.3% of the Company's issued share capital as enlarged by the issue of the Rights Shares and Bonus Shares.

Assuming exercise of all Share Options in full at or before the Record Date and Time, the maximum total number of Rights Shares and Bonus Shares of 2,767,466,840 Consolidated Shares represents:

- (i) approximately 500% of the number of Consolidated Shares immediately upon completion of the Share Consolidation; and
- (ii) approximately 83.3% of the Company's issued share capital as enlarged by the issue of the Rights Shares and Bonus Shares.

The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional new Shares which may be allotted and issued pursuant to the exercise of the Share Options at or before 4:30 p.m. (Hong Kong time) on Wednesday, 10 February 2010. As at the date of this announcement, there are outstanding Share Options granted under the Share Option Scheme which entitle the holders thereof to subscribe for 48,743,569 Shares. If all the subscription rights attaching to the Share Options are duly exercised and Shares are allotted and issued pursuant to such exercise at or before 4:30 p.m. (Hong Kong time) on Wednesday, 10 February 2010, the number of issued Shares could increase to 2,767,466,839. Following the Share Consolidation, the number of Rights Shares that may be issued pursuant to the Rights Issue and the enlarged share capital upon completion of the Rights Issue could correspondingly increase to 1,660,480,104 Rights Shares and 3,320,960,208 Consolidated Shares, respectively. Save for the outstanding Share Options, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

Bonus Issue

Subject to the satisfaction of the conditions of the Rights Issue, the Bonus Shares will be issued to the first registered holders of the Rights Shares on the basis of two (2) Bonus Shares for every three (3) Rights Shares taken up under the Rights Issue.

On the basis of not less than 1,631,233,962 Rights Shares and not more than 1,660,480,104 Rights Shares to be issued under the Rights Issue, not less than 1,087,489,308 Bonus Shares (assuming no fractional entitlement(s) result(s) when determining the number of Bonus Shares to be issued) and not more than 1,106,986,736 Bonus Shares will be issued.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not being Excluded Shareholders at the Record Date and Time. In order to be registered as members of the Company at the Record Date and Time, all transfers of the Shares must be lodged (together with the relevant share certificate(s)) with the Company's branch share registrar in Hong Kong by 4:30 p.m. (Hong Kong time) on Wednesday, 10 February 2010. The Company's branch share registrar and transfer office in Hong Kong is:

Tricor Tengis Limited
26/F., Tesbury Centre, 28 Queen's Road East
Wanchai, Hong Kong

The Company will send the Prospectus Documents to the Qualifying Shareholders and will send the Prospectus (without the application form in respect of the allotment of Rights Shares and the Bonus Shares), for information only, to the Excluded Shareholders on the Prospectus Posting Date. The Excluded Shareholders will be entitled to attend and vote at the SGM.

The Company will ascertain whether there are any Overseas Shareholders at the Record Date and Time. In determining whether there will be Excluded Shareholders, the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges in relation to the Company's offering of the Rights Shares and the Bonus Shares to the Overseas Shareholders in compliance with the Listing Rules.

Rights of the Excluded Shareholders

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid to the Excluded Shareholders pro-rata to their shareholdings held at the Record Date and Time. In light of the administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Excluded Shareholders to the Rights Shares, together with any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders, any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

Application may be made by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis and on a pro-rata basis to the excess Rights Shares applied for by the Qualifying Shareholders. However, no preference will be given to topping-up odd lots to whole board lots.

For Shareholders whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Company's branch share registrar and transfer office in Hong Kong, being Tricor Tengis Limited, for completion of the relevant registration not later than 4:30 p.m. on Wednesday, 10 February 2010.

Closure of register of members

The register of members of the Company, in relation to the Rights Issue, will be closed from Thursday, 11 February 2010 to Thursday, 18 February 2010, both dates inclusive. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price is HK\$0.185 per Rights Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 81.22% to the adjusted closing price of HK\$0.985 per Consolidated Share, based on the closing price of HK\$0.197 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 81.50% to the adjusted average closing price of HK\$1.00 per Consolidated Share, based on the average closing price of HK\$0.20 as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 28.02% to the theoretical ex-entitlement price of HK\$0.257 per Consolidated Share after the Rights Issue and the Bonus Issue, based on the closing price of HK\$0.197 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (iv) a discount of approximately 93.72% to the unaudited net asset value per Consolidated Share of approximately HK\$2.944 as at 30 September 2009 as adjusted for the Share Consolidation and after taking into account of the net proceeds of approximately HK\$61.3 million from the placing of Shares completed on 3 November 2009.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares and the prevailing market conditions. The Directors consider that the discount would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Group. In view of the prevailing market conditions of the capital market in Hong Kong and the benefits of the Rights Issue, the Directors (excluding the independent non-executive Directors whose opinion will be set forth in the circular to be despatched to the Shareholders in relation to, inter alia, the Share Consolidation, the Rights Issue, the Bonus Issue and the Whitewash Waiver, after having been advised by an independent financial adviser) consider that the terms of the Rights Issue and the Bonus Issue are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

Status of the Rights Shares and the Bonus Shares

The Rights Shares and the Bonus Shares (when allotted, fully paid or credited as fully paid and issued) will rank pari passu in all respects with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares and the Bonus Shares. Holders of the Rights Shares and the Bonus Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares and the Bonus Shares. Dealings in the Rights Shares and the Bonus Shares will be subject to payment of stamp duty in Hong Kong.

Certificates of the Rights Shares and the Bonus Shares

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the Rights Shares and the Bonus Shares are expected to be sent on or before Friday, 12 March 2010 to those entitled thereto by ordinary post at their own risk.

Fractions of the Rights Shares and the Bonus Shares

Fractional entitlements to the Rights Shares and the Bonus Shares will not be allotted and will not be issued.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) and the Bonus Shares. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Dealings in the Rights Shares in both nil-paid and fully-paid forms which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Irrevocable Undertaking

As at the date of this announcement, Mr. Tang is directly and indirectly through his associates interested in 574,691,264 Shares in aggregate, representing approximately 21.14% of the existing issued share capital of the Company. Mr. Tang has given an Irrevocable Undertaking, in favour of the Company and the Underwriter, among other things, that (1) he will subscribe for or procure subscriptions by his associates for the 344,814,756 Rights Shares (with Bonus Shares) to which he and his respective associates will be entitled to pursuant to the terms of the Rights Issue; (2) the Shares or the Consolidated Shares (as the case may be) comprising his and his associates' current shareholding will remain registered in the names of them or their respective associates at the close of business at the Record Date and Time as they are on the date of the Irrevocable Undertaking; (3) he will procure that the applications in respect of the 344,814,756 Rights Shares (with Bonus Shares) comprising his and his associates' entitlements under the Rights Issue will be lodged with the Registrar, with payment in full therefor in cash, by no later than the Latest Time for Acceptance and otherwise in accordance with the instructions printed on the PAL(s); and (4) he will apply for or procure applications by his associates, by way of excess application, for an additional 580,000,000 Rights Shares (with Bonus Shares) that are not taken up by the Qualifying Shareholders under the Rights Issue.

UNDERWRITING ARRANGEMENT

The Underwriting Agreement

Date	:	12 January 2010 (as amended on 14 January 2010)
Underwriter	:	Kingston Securities Limited
Total number of Rights Shares being underwritten by the Underwriter	:	The Underwriter has agreed to fully underwrite not less than 706,419,206 Underwritten Shares and not more than 735,665,348 Underwritten Shares not taken up by the Qualifying Shareholders.
Commission	:	2.5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares at the Record Date and Time

The Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter are likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Conditions of the Rights Issue and the Bonus Issue

The Rights Issue and the Bonus Issue are conditional upon the following:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date and, if necessary the filing of the Prospectus Documents with the Registrar of Companies in Bermuda in compliance with the Companies Act;
- (2) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for their information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (3) 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 both nil-paid and fully-paid forms) and the Bonus Shares by no later than the first day of their dealings;

- (4) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time of Termination;
- (5) the passing of the necessary resolution(s) by the Shareholders (where applicable, the Independent Shareholders) at the SGM to approve, among others, the Share Consolidation, the Rights Issue, the Bonus Issue and the Whitewash Waiver, and the transactions contemplated hereunder;
- (6) the Share Consolidation having become effective;
- (7) compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement;
- (8) compliance with and performance of all undertakings and obligations of Mr. Tang under the Irrevocable Undertaking;
- (9) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares and Bonus Shares;
- (10) the Executive granting the Whitewash Waiver under Note 1 on dispensations from Rule 26 of the Takeovers Code of any obligation of Mr. Tang and any parties acting in concert with him to make a general offer for the shares of the Company as a result of the Rights Issue; and
- (11) in the event that the number of Remaining Untaken Shares exceeds 19.9% of the issued share capital of the Company immediately upon the completion of the Rights Issue, the Underwriter successfully procuring subscriber(s): (i) who are third parties independent of, not acting in concert with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); and (ii) none of whom (together with their respective parties acting in concert with them) will hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue, so that all Remaining Untaken Shares are subscribed for.

The conditions are incapable of being waived. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein, the Underwriting Agreement shall be terminated accordingly and none of the parties shall have any claim against the other save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall to the extent agreed by the Company be borne by the Company, and the Rights Issue and the Bonus Issue will not proceed.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

The changes in the shareholding structure of the Company arising from the Rights Issue and the Bonus Issue are as follows:

- (i) assuming no exercise of the outstanding Share Options before the Record Date and Time.

	As at the date of this announcement		Immediately after the Share Consolidation but before completion of the Rights Issue and the Bonus Issue		Immediately after completion of the Rights Issue and the Bonus Issue (all Rights Shares are subscribed by the Qualifying Shareholders) <i>(Note 2)</i>		Immediately after completion of the Rights Issue and the Bonus Issue (except Mr. Tang and Accord Power, none of the Rights Shares are subscribed by the Qualifying Shareholders) <i>(Notes 2, 3 and 4)</i>	
	Shares	%	Consolidated Shares	%	Consolidated Shares	%	Consolidated Shares	%
Mr. Tang, Accord Power Limited (“Accord Power”) and their concert parties <i>(Note 1)</i>	574,691,264	21.14	114,938,252	21.14	689,629,512	21.14	1,656,296,178	50.77
<i>Public Shareholders:</i>								
The Underwriter	2	0.00	—	0.00	—	0.00	1,177,365,342	36.09
Other Shareholders (being public Shareholders)	<u>2,144,032,004</u>	<u>78.86</u>	<u>428,806,402</u>	<u>78.86</u>	<u>2,572,838,412</u>	<u>78.86</u>	<u>428,806,402</u>	<u>13.14</u>
Total	<u>2,718,723,270</u>	<u>100.00</u>	<u>543,744,654</u>	<u>100.00</u>	<u>3,262,467,924</u>	<u>100.00</u>	<u>3,262,467,922</u>	<u>100.00</u>

(ii) assuming the exercise of the outstanding Share Options in full before the Record Date and Time.

	As at the date of this announcement		Immediately after the Share Consolidation but before completion of the Rights Issue and the Bonus Issue (Note 6)		Immediately after completion of the Rights Issue and the Bonus Issue (all Rights Shares are subscribed by the Qualifying Shareholders) (Note 2)		Immediately after completion of Rights Issue and Bonus Issue (except Mr. Tang and Accord Power, none of the Rights Shares are subscribed by the Qualifying Shareholders) (Notes 2, 3 and 4)	
	Shares	%	Consolidated Shares	%	Consolidated Shares	%	Consolidated Shares	%
Mr. Tang, Accord Power and their concert parties (Note 1)	574,691,264	20.77	114,938,252	20.77	689,629,512	20.77	1,656,296,178	49.88
Mr. Chan Chun Hong, Thomas (Note 5)	531,970	0.02	106,394	0.02	638,364	0.02	106,394	0.00
<i>Public shareholders:</i>								
The Underwriter	2	0.00	—	0.00	—	0.00	1,226,108,912	36.92
Other Shareholders (being public Shareholders)	<u>2,192,243,603</u>	<u>79.21</u>	<u>438,448,722</u>	<u>79.21</u>	<u>2,630,692,332</u>	<u>79.21</u>	<u>438,448,722</u>	<u>13.20</u>
Total	<u>2,767,466,839</u>	<u>100.00</u>	<u>553,493,368</u>	<u>100.00</u>	<u>3,320,960,208</u>	<u>100.00</u>	<u>3,320,960,206</u>	<u>100.00</u>

Notes:

- 1) *The above 574,691,264 Shares include (a) 3,892,548 Shares held by Mr. Tang; (b) 3,892,542 Shares held by Ms. Yau Yuk Yin (“Ms. Yau”), an executive Director and the spouse of Mr. Tang; (c) 14,238,426 Shares held by Caister Limited, a company wholly and beneficially owned by Mr. Tang; and (d) 552,667,748 Shares held by Accord Power, which is wholly owned by Trustcorp Limited in its capacity as the trustee of Tang’s Family Trust, a discretionary trust of which Mr. Tang was the founder and Ms. Yau is a beneficiary.*
- 2) *The difference in the total number of Consolidated Shares upon completion of the Rights Issue is due to fractional entitlements to the Bonus Shares not being issued.*
- 3) ***This scenario is for illustrative purpose only and will never occur.*** Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers of the Remaining Untaken Shares:
 - (i) *the Underwriter shall not subscribe, for its own account, for such number of Remaining Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Rights Issue; and*

- (ii) *the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Remaining Untaken Shares (which form part of the Underwritten Shares) procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates and concert parties; and (ii) any subscribers procured by the Underwriter shall not, together with any party acting in concert with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue.*
- 4) *The Company will ensure the compliance with the public float requirements under Rule 8.08 of the Listing Rules upon completion of the Rights Issue.*
- 5) *Mr. Chan Chun Hong, Thomas is an executive Director. If he exercises any Share Options and becomes a Shareholder before the SGM, he shall abstain from voting in relation to the Whitewash Waiver, the Rights Issue and the Bonus Issue.*
- 6) *The Company will issue additional fractional Consolidated Share such that the total number of Consolidation Shares will be in round number.*

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in property investment and development, management and sub-licensing of wet markets in Hong Kong and the PRC, management and sub-licensing shopping centres and management of agricultural by-products wholesaling business in Hong Kong. It also has interests in the pharmaceutical business through its investments in Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司)*, a company listed on the main board of the Stock Exchange.

The estimated expenses in relation to the Rights Issue, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses will be borne by the Company. Having considered other fund raising alternatives for the Group, such as bank borrowings and placing of new Shares, and taking into account the benefits and cost of each of the alternatives, the Rights Issue allows the Group to strengthen its balance sheet without facing the increasing interest rates. The Board considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. In addition, the Bonus Issue will be as additional incentive for the Shareholders to take part into the Rights Issue. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

* *For identification purpose only*

The Directors (excluding the independent non-executive Directors whose opinion will be set forth in the circular to be despatched to the Shareholders in relation to, inter alia, the Share Consolidation, the Rights Issue, the Bonus Issue and the Whitewash Waiver, after having been advised by an independent financial adviser) consider that the Rights Issue and the Bonus Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Rights Issue and the Bonus Issue.

The gross proceeds from the Rights Issue will be not less than approximately HK\$301.7 million but not more than approximately HK\$307.2 million. The estimated net proceeds from the Rights Issue will be not less than approximately HK\$294.5 million but not more than approximately HK\$299.8 million and are intended to be used for the Group's property investment and development business.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS

The proposed Share Consolidation, Rights Issue and Bonus Issue may lead to adjustments to the exercise price and/or the number of Shares or Consolidated Shares (as the case may be) to be issued upon exercise of the Share Options. The Company will notify the holders of Share Options regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme.

PREVIOUS FUND RAISING EXERCISE IN THE PRIOR 12-MONTH PERIOD

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

Date of initial announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
13 October 2009	The new placing	HK\$61.3 million	For the Group's property development business	Approximately HK\$24.8 million has been utilised for financing the Group's property development and the remaining balance will be utilised as intended

Date of initial announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
13 February 2009	The open offer	HK\$108.2 million	Approximately HK\$60.0 million for acquisition of potential investment	Approximately HK\$60.0 million has been utilised for acquisition of properties
			Approximately HK\$48.2 million for general working capital	Approximately HK\$48.2 million has been utilised for general working capital

IMPLICATION UNDER THE TAKEOVERS CODE AND WHITEWASH WAIVER

As at the date of this announcement, Mr. Tang is directly and indirectly through his associates interested in 574,691,264 Shares in aggregate, representing approximately 21.14% of the existing issued share capital of the Company. Mr. Tang has given an Irrevocable Undertaking, in favour of the Company and the Underwriter, among other things, that (1) he will subscribe for or procure subscriptions by his associates for the 344,814,756 Rights Shares (with Bonus Shares) to which he and his respective associates will be entitled to pursuant to the terms of the Rights Issue; (2) the Shares or the Consolidated Shares (as the case may be) comprising his and his associates' current shareholding will remain registered in the names of them or their respective associates at the close of business at the Record Date and Time as they are on the date of the Irrevocable Undertaking; (3) he will procure that the applications in respect of the 344,814,756 Rights Shares (with Bonus Shares) comprising his and his associates' entitlements under the Rights Issue will be lodged with the Registrar, with payment in full therefor in cash, by no later than the Latest Time for Acceptance and otherwise in accordance with the instructions printed on the PAL(s); and (4) he will apply for or procure applications by his associates, by way of excess application, for an additional 580,000,000 Rights Shares (with Bonus Shares) that are not taken up by the Qualifying Shareholders under the Rights Issue.

Assuming:

- (1) Mr. Tang and his associates subscribe for their respective provisional entitlement of the Rights Issue in full in accordance with the Irrevocable Undertaking; and

- (2) not all Qualifying Shareholders (other than Mr. Tang and his associates) take up the Rights Shares to which they are entitled to upon completion of the Rights Issue, and Mr. Tang and his associates subscribe for an additional 580,000,000 Rights Shares pursuant to the Irrevocable Undertaking,

the interests held by Mr. Tang and parties acting in concert with him will increase from approximately 21.14% of the existing issued share capital of the Company to approximately 50.77% of the then enlarged issued share capital of the Company immediately upon completion of the Rights Issue and the Bonus Issue, thereby triggering an obligation, in the absence of the Whitewash Waiver, on Mr. Tang and parties acting in concert with him to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Consolidated Shares and securities issued by the Company not already owned or agreed to be acquired by Mr. Tang and parties acting in concert with him.

An application will be made by Mr. Tang to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval by the Independent Shareholders at the SGM by way of poll, whereby each of Mr. Tang, parties acting in concert with him, Mr. Chan Chun Hong, Thomas (should he exercise his Share Options and become a Shareholder before the SGM) and parties acting in concert with him, and those who are interested in, or involved in, the Irrevocable Undertaking, the Underwriting Agreement and the Whitewash Waiver, will abstain from voting in respect of all resolution(s) related to the Rights Issue, the Bonus Issue and the Whitewash Waiver.

Completion of the Rights Issue is conditional upon, among other things, the granting of the Whitewash Waiver by the Executive. If the Whitewash Waiver is not granted by the Executive, the Rights Issue will not proceed.

DEALINGS OF THE SHARES BY MR. TANG AND PARTIES ACTING IN CONCERT WITH HIM

There has been no dealing of Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company by Mr. Tang and parties acting in concert with him for the six months' period immediately prior to the date of this announcement.

As at the date of this announcement, other than approximately 21.14% of the issued share capital of the Company owned by Mr. Tang and parties acting in concert with him:

- (a) did not hold any other shares, convertible securities, warrants or options of the Company, or any outstanding derivative in respect of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

- (b) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of Mr. Tang or the Company and which may be material to the Underwriting Agreement, the Whitewash Waiver and the Rights Issue;
- (c) there was no agreements or arrangements to which Mr. Tang is a party which related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Underwriting Agreement, the Whitewash Waiver and the Rights Issue, other than those set out in the section headed “Condition of the Rights Issue” in this announcement;
- (d) did not receive any irrevocable commitment or arrangements to vote in favour of or against the resolutions in respect of the Underwriting Agreement or the Rights Issue or the Whitewash Waiver; and
- (e) did not borrow or lend any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

EXPECTED TIMETABLE

Expected despatch date of the circular with notice of SGM	Monday, 1 February 2010
Last day of dealings in Shares on a cum-rights basis	Monday, 8 February 2010
First day of dealings in Shares on an ex-rights basis	Tuesday, 9 February 2010
Latest time for Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue	4:30 p.m. on Wednesday, 10 February 2010
Closure of register of members of the Company (both dates inclusive)	Thursday, 11 February 2010 to Thursday, 18 February 2010
Latest time for lodging proxy forms for the SGM	11:30 a.m. on Tuesday, 16 February 2010
Expected date and time of SGM	11:30 a.m. on Thursday, 18 February 2010
Announcement of results of SGM	Thursday, 18 February 2010
Effective date and time of Share Consolidation	5:00 p.m. on Thursday, 18 February 2010

Record Date and Time	5:30 p.m. on Thursday, 18 February 2010
Commencement of dealings in the Consolidated Shares	9:30 a.m. on Friday, 19 February 2010
Register of members re-opens	Friday, 19 February 2010
Despatch of Prospectus Documents	Friday, 19 February 2010
Original counter for trading in Shares in existing share certificates in board lots of 20,000 Shares temporarily closes	9:30 a.m. on Friday, 19 February 2010
Temporary counter for trading in Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of existing share certificates) opens	9:30 a.m. on Friday, 19 February 2010
First day of free exchange of existing certificates for the Shares into new certificates for the Consolidated Shares	9:30 a.m. on Friday, 19 February 2010
First day of dealings in nil-paid Rights Shares	Tuesday, 23 February 2010
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Thursday, 25 February 2010
Last day of dealings in nil-paid Rights Shares	Tuesday, 2 March 2010
Latest time for acceptance of, and payment for, the Rights Shares and the applications for excess Rights Shares.....	4:00 p.m. on Friday, 5 March 2010
Designated broker starts to stand in the market to provide matching service for the sale and purchase of odd lots of Consolidated Shares	9:30 a.m. on Friday, 5 March 2010

Original counter for trading in Consolidated Shares
in board lots of 20,000 Consolidated Shares
(only new certificates for the Consolidated
Shares can be traded at this counter) re-opens 9:30 a.m. on
Friday, 5 March 2010

Parallel trading in Consolidated Shares
(in the form of both existing and new
certificates) commences9:30 a.m. on
Friday, 5 March 2010

Latest time to terminate the Underwriting Agreement
and for the Rights Issue to become unconditional4:00 p.m. on
Wednesday, 10 March 2010

Announcement of results of the Rights Issue.....Thursday, 11 March 2010

Refund cheques to be despatched in relation
to wholly or partially unsuccessful
applications for excess Rights Shares on or before Friday, 12 March 2010

Certificates for fully paid Rights Shares
to be despatched on or beforeFriday, 12 March 2010

Commencement of dealings in fully-paid Rights Shares.....9:30 a.m. on
Tuesday, 16 March 2010

Temporary counter for trading in Consolidated Shares
in board lots of 4,000 Consolidated Shares
(in the form of existing certificates) closes4:00 p.m. on
Thursday, 25 March 2010

Parallel trading in the Consolidated Shares
(represented by both existing and new
certificates) ends 4:00 p.m. on
Thursday, 25 March 2010

Designated broker ceases to stand in the
market to provide matching service 4:00 p.m. on
Thursday, 25 March 2010

Last day of free exchange of existing
certificates for the Shares for the
new certificates for the Consolidated SharesMonday, 29 March 2010

Note: All references to time in this announcement are references to Hong Kong time.

Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional upon the fulfilment of the conditions set out in the section headed “Conditions of the Rights Issue and the Bonus Issue” in this announcement. In particular, the Rights Issue is conditional upon:

- (i) the Listing Committee granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in, the Rights Shares in nil-paid and fully-paid forms prior to Tuesday, 23 February 2010, being the expected date of commencement of dealings in the Rights Shares in nil-paid form (or such other date as may be agreed between the Company and the Underwriter);**
- (ii) the granting of the Whitewash Waiver by the Executive; and**
- (iii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (set out in the section headed “Termination of the Underwriting Agreement” in this announcement).**

If the conditions of the Rights Issue are not fulfilled or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between Tuesday, 23 February 2010 to Tuesday, 2 March 2010 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

GENERAL

Pursuant to the Takeovers Code, the Whitewash Waiver, the Rights Issue and the Bonus Issue are subject to, among other things, the approval by the Independent

Shareholders at the SGM. Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholder and their associates, or where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the company and their respective associates will abstain from voting in favour of the resolutions relating to the Whitewash Waiver, the Rights Issue and the Bonus Issue. As at the date of this announcement, there is no controlling Shareholder. Accordingly, Mr. Tang, an executive Director, and parties acting in concert with him, who in aggregate held approximately 21.14% of the existing issued share capital of the Company as at the date of this announcement and Mr. Chan Chun Hong, Thomas (should he exercise his Share Options and become a Shareholder before the SGM) and parties acting in concert with him will abstain from voting of the resolutions relating to the Whitewash Waiver, the Rights Issue and the Bonus Issue at the SGM.

The Company will establish an independent board committee to advise the Independent Shareholders as to whether the terms of the Whitewash Waiver, the Rights Issue and the Bonus Issue are fair and reasonable and whether the Whitewash Waiver, the Rights Issue and the Bonus Issue are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms of the Whitewash Waiver, the Rights Issue and the Bonus Issue are fair and reasonable. An announcement relating to the appointment of the independent financial adviser will be issued as soon as possible.

A circular containing, among other things, further details of the Whitewash Waiver, the Share Consolidation, the Rights Issue, the Bonus Issue and a notice convening the SGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code.

Upon passing of the necessary resolution(s) by the Shareholders (where applicable, the Independent Shareholders) at the SGM approving the Share Consolidation, the Whitewash Waiver, the Rights Issue and the Bonus Issue, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable whereas the Prospectus will be despatched to the Excluded Shareholders for information only.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Wednesday, 13 January 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Friday, 15 January 2010.

DEFINITIONS

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Bonus Issue”	the issue of the Bonus Shares pursuant to the terms and conditions of the Prospectus Documents
“Bonus Shares”	the bonus Consolidated Shares to be issued (for no additional payment) to the first registered holders of Rights Shares on the basis of two (2) Bonus Shares for every three (3) Rights Shares taken up under the Rights Issue subject to the terms and upon conditions as set out in the Prospectus Documents
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Bye-Laws”	the bye-laws of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Wang On Group Limited (宏安集團有限公司)*, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Companies Act”	Companies Act 1981 of Bermuda (as amended)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company immediately following and arising from the consolidation of every 5 Shares
“Director(s)”	director(s) of the Company

* For identification purpose only

“Excluded Shareholder(s)”	the Overseas Shareholders at the Record Date and Time where the 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 Shareholders
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	the Shareholder(s), other than the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates, including but not limited to, Mr. Tang and parties acting in concert with him and Mr. Chan Chun Hong, Thomas (should he exercise his Share Options and become a Shareholder before the SGM) and parties acting in concert with him, who are not involved in, nor interested in, the Underwriting Agreement, the Irrevocable Undertaking and the Whitewash Waiver
“Irrevocable Undertaking”	an irrevocable undertaking dated 12 January 2010 under which Mr. Tang provided the irrevocable undertaking to the Company and the Underwriter as described under the section headed “Irrevocable Undertaking” in this announcement
“Last Trading Day”	12 January 2010, being the last trading day for the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 5 March 2010 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares (with Bonus Shares) as described in the Prospectus Documents

“Latest Time for Termination”	4:00 p.m. on Wednesday, 10 March 2010, or such other time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tang”	Mr. Tang Ching Ho, an executive Director of the Company
“PAL(s)”	provisional allotment letter(s) for the Rights Issue
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) on the register of member of the Company are outside Hong Kong
“Prospectus Posting Date”	Friday, 19 February 2010 or such other day as may be agreed between the Company and the Underwriter, being the date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date in connection with the Rights Issue in such form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus, the PAL(s) and the application forms for excess Rights Shares
“Qualifying Shareholders”	the Shareholders, whose names appear on the register of members of the Company as at the Record Date and Time, other than the Excluded Shareholders
“Record Date and Time”	5:30 p.m. on Thursday, 18 February 2010, being the date and time by reference to which entitlements to the Rights Issue will be determined
“Remaining Untaken Shares”	those (if any) of the Untaken Shares in excess of the 580,000,000 Rights Shares that Mr. Tang has undertaken to subscribe or procure subscription for under the Irrevocable Undertaking
“Rights Issue”	the proposed issue of the Rights Shares (with Bonus Shares) by way of rights issue to the Qualifying Shareholders for subscription on the terms to be set out in the Prospectus Documents and summarised herein

“Rights Share(s)”	not less than 1,631,233,962 Consolidated Shares but not more than 1,660,480,104 Consolidated Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of three (3) Rights Shares for every one (1) Consolidated Share held at the Record Date and Time pursuant to the Rights Issue
“Registrar”	Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, the Company’s branch share registrar and transfer office in Hong Kong
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened and held at 11:30 a.m. on Thursday, 18 February 2010 to consider and approve, among other things, the proposed Share Consolidation, the Rights Issue, the Bonus Issue and the Whitewash Waiver
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the implementation of the Share Consolidation
“Share Consolidation”	the consolidation of every five Shares of HK\$0.01 each in the capital of the Company into one Consolidated Share of HK\$0.05
“Shareholder(s)”	holder(s) of the Shares or Consolidated Shares (as the case may be)
“Share Option(s)”	the options granted by the Company to subscribe for Shares or the Consolidated Shares (as the case may be) pursuant to the Share Option Scheme
“Share Options Scheme”	the share option scheme adopted by the Company on 3 May 2002 at the special general meeting of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.185 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Kingston Securities Limited

“Underwriting Agreement”	the underwriting agreement dated 12 January 2010 entered into between the Company and the Underwriter in relation to the Rights Issue and as amended by an amendment agreement dated 14 January 2010
“Underwritten Shares”	not less than 706,419,206 Rights Shares (with Bonus Shares) and not more than 735,665,348 Rights Shares (with Bonus Shares) underwritten by the Underwriter
“Untaken Shares”	those (if any) of the Rights Shares for which duly completed PAL(s) (accompanied by cheques or banker’s cashier order for the full amount payable on application which are honoured on first or, at the option of the Company, subsequent presentation) have not been lodged for acceptance, or received, as the case may be, on or before Latest Time for Acceptance
“Whitewash Waiver”	a whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code required to be granted by the Executive to waive the obligation of Mr. Tang and parties acting in concert with him to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Consolidated Shares and securities of the Company not already owned or agreed to be acquired by Mr. Tang and parties acting in concert with him
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
WANG ON GROUP LIMITED
(宏安集團有限公司)*
Chan Chun Hong, Thomas
Managing Director

Hong Kong, 14 January 2010

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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

* For identification purpose only