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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)

ANNOUNCEMENT

- (A) PROPOSED CAPITAL REORGANISATION INVOLVING
SHARE CONSOLIDATION, CAPITAL REDUCTION
AND SHARE SUBDIVISION;
(B) PROPOSED RIGHTS ISSUE IN THE PROPORTION OF
EIGHT (8) RIGHTS SHARES FOR EVERY ONE (1) ADJUSTED
SHARE HELD ON THE RECORD DATE AND TIME AT
HK\$0.10 PER RIGHTS SHARE (WITH BONUS ISSUE
IN THE PROPORTION OF ONE (1) BONUS SHARE
FOR EVERY EIGHT (8) RIGHTS SHARES TAKEN UP UNDER
THE RIGHTS ISSUE);
AND
(C) RESUMPTION OF TRADING**

Underwriter of the Rights Issue



KINGSTON SECURITIES LTD.

Financial adviser to Wang On Group Limited



KINGSTON CORPORATE FINANCE LTD.

* *For identification purposes only*

PROPOSED CAPITAL REORGANISATION

The Board proposes to put forward to the Shareholders a proposal to effect the Capital Reorganisation which will comprise:-

- (i) the proposed Share Consolidation whereby every five (5) Shares of par value of HK\$0.05 each in the issued share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.25;
- (ii) the proposed Capital Reduction whereby (a) the par value of all the issued Consolidated Shares shall be reduced from HK\$0.25 each to HK\$0.01 each and the issued share capital of the Company shall accordingly be reduced to the extent of HK\$0.24 per Consolidated Share in issue and (b) any aggregated number of fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation shall be reduced and cancelled;
- (iii) the proposed Share Subdivision whereby every one (1) authorised but unissued Share of par value HK\$0.05 will be subdivided into five (5) Adjusted Shares of HK\$0.01 each; and
- (iv) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company and the Directors will be authorised to apply the amount in the contributed surplus account in any manner permitted by the laws of Bermuda and the Bye-laws.

The Capital Reorganisation is conditional upon the conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” in this announcement.

The board lot size for trading in the Shares is 20,000 Shares at present. After the Capital Reorganisation becoming effective, the board lot size for trading in the Adjusted Shares will remain as 20,000 Adjusted Shares.

PROPOSED RIGHTS ISSUE WITH BONUS ISSUE

Upon the Capital Reorganisation becoming effective, the Company proposes to raise gross proceeds of not less than approximately HK\$521.9 million and not more than approximately HK\$529.3 million before expenses, by way of Rights Issue of not less than 5,219,948,064 Rights Shares and not more than 5,292,644,208 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share, on the basis of eight (8) Rights Shares for every one (1) Adjusted Share held on the Record Date and Time.

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 one (1) Bonus Share for every eight (8) Rights Shares taken up under the Rights Issue. On the basis of not less than 5,219,948,064 Rights Shares and not more than 5,292,644,208 Rights Shares to be issued under the Rights Issue, not less than 652,493,508 Bonus Shares (assuming no fractional entitlement(s) result(s) when determining the number of Bonus Shares to be issued) and not more than 661,580,526 Bonus Shares will be issued.

The estimated net proceeds of the Rights Issue will be not less than approximately HK\$506.1 million and not more than approximately HK\$513.4 million and are intended to be applied as to approximately HK\$400 million for the payment of land premium that may become payable to the Hong Kong SAR government on the Yau Tong Project and/or other Group's property development business; approximately HK\$60 million for repayment of interest bearing debts and the remaining balance of approximately HK\$46.1 million for the general working capital of the Group.

IRREVOCABLE UNDERTAKING AND FULL ACCEPTANCE OF PROVISIONAL ENTITLEMENT AND APPLICATION FOR EXCESS RIGHTS SHARES UNDER THE RIGHTS ISSUE

As at the date of this announcement, Mr. Tang is directly and indirectly through his associates interested in 707,501,966 Shares in aggregate, representing approximately 21.69% 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 1,132,003,144 Rights Shares (with Bonus Shares) which he and his respective associates will be entitled to pursuant to the terms of the Rights Issue; (2) the Shares, the Consolidated Shares or the Adjusted 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 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 1,132,003,144 Rights Shares (with the 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 4:00 p.m. at 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 192,000,000 Rights Shares (with the 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 under 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 by the Latest Time For Acceptance and otherwise in accordance with the instructions set out on the PAL(s) and Mr. Tang and his associates subscribe for 192,000,000 excess Rights Shares pursuant to the Irrevocable Undertaking; and (3) all outstanding Share Options are exercised in full by the Record Date and Time, the interests held by Mr. Tang and parties acting in concert with him will increase from approximately 21.69% of the existing issued share capital of the Company to approximately 24.65% of the then enlarged issued share capital of the Company immediately upon completion of the Rights Issue and the Bonus Issue.

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, 1 February 2011, 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); and**
- (ii) 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 or Adjusted Shares (as the case may be) 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, 1 February 2011 to Thursday, 10 February 2011 (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 Adjusted Shares (as the case may be) or nil-paid Rights Shares are recommended to consult their own professional advisers.

GENERAL

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 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 21.69% 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 favour of the resolutions relating to 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 Rights Issue and the Bonus Issue are fair and reasonable and whether the Rights Issue and the Bonus Issue are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. The Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders in these regards.

A SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other things, the proposed Capital Reorganisation and the Rights Issue together with the Bonus Issue. A circular containing, among other things, (i) further details about the proposed Capital Reorganisation and the Rights Issue together with the Bonus Issue; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue (with Bonus Issue); (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders on the Rights Issue (with Bonus Issue); and (iv) the notice convening the SGM, will be despatched to the Shareholders on or before Tuesday, 4 January 2011.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Monday, 13 December 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Tuesday, 14 December 2010.

PROPOSED CAPITAL REORGANISATION

The Board proposes to put forward to the Shareholders a proposal to effect the Capital Reorganisation which will comprise:-

- (i) the proposed Share Consolidation whereby every five (5) Shares of par value of HK\$0.05 each in the issued share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.25;
- (ii) the proposed Capital Reduction whereby (a) the par value of all the issued Consolidated Shares shall be reduced from HK\$0.25 each to HK\$0.01 each and the issued share capital of the Company shall accordingly be reduced to the extent of HK\$0.24 per Consolidated Share in issue and (b) any aggregated number of fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation shall be reduced and cancelled;
- (iii) the proposed Share Subdivision whereby every one (1) authorised but unissued Share of par value HK\$0.05 will be subdivided into five (5) Adjusted Shares of HK\$0.01 each; and
- (iv) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company and the Directors will be authorised to apply the amount in the contributed surplus account in any manner permitted by the laws of Bermuda and the Bye-laws.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 divided into 8,000,000,000 Shares, of which 3,262,467,540 Shares are issued and credited as fully paid. Upon the proposed Share Consolidation becoming effective and based on the existing issued share capital, the issued share capital of the Company will be consolidated into 652,493,508 Consolidated Shares of par value of HK\$0.25 each.

Upon the Capital Reduction becoming effective, the par value of all the Consolidated Shares shall be reduced from HK\$0.25 each to HK\$0.01 each and the issued share capital of the Company shall accordingly be reduced to the extent of HK\$0.24 per Consolidated Share in issue. Any aggregated number of fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation shall be reduced and cancelled. The resulting Adjusted Shares of par value of HK\$0.01 each will rank *pari passu* in all respects with each other in accordance with the Bye-laws. Upon completion of the Share Consolidation and the Capital Reduction, the issued share capital of the Company will be reduced to approximately HK\$6,524,935.08 divided into 652,493,508 Adjusted Shares of par value of HK\$0.01 each. Immediately after the Share Subdivision, the authorised but unissued Shares of par value of HK\$0.05 each will be subdivided into five (5) Adjusted Shares of HK\$0.01 each and, thus, the authorised share capital of the Company will become HK\$400,000,000 divided into 40,000,000,000 Adjusted Shares of par value of HK\$0.01 each.

Assuming that no further Shares will be issued or repurchased between the date of this announcement and the date on which Capital Reorganisation becomes effective, a credit of approximately HK\$156,598,441.92 will arise as a result of the Capital Reorganisation and will be transferred to the contributed surplus account of the Company. The Board presently has no plan as to the use of such amount.

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares arising from the Capital Reorganisation, a designated broker will be appointed to match the purchase and sale of odd lots of the Adjusted Shares at the relevant market price per Adjusted Share for the period from 9:30 a.m. on Tuesday, 15 February 2011 to 4:00 p.m. on Monday, 7 March 2011 (both dates inclusive). Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted 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 Capital Reorganisation, the Rights Issue and the Bonus Issue.

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation 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 Group or the interests of the Shareholders as a whole. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Company and that on the date the Capital Reorganisation

is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. The Capital Reorganisation 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 Capital Reorganisation becoming effective, the board lot size for trading in the Adjusted Shares will remain as 20,000 Adjusted Shares.

Reasons for the Capital Reorganisation

As a result of the Capital Reorganisation, the Company's share capital and reserves will more closely reflect the available net assets of the Company. In addition, the Capital Reorganisation will provide greater flexibility for equity fund raising of the Company in the future. The credit arising from the Capital Reduction may be applied in the future for distribution to the Shareholders or in any manner permitted by the laws of Bermuda and the Bye-laws as and when the Board considers appropriate.

In view of the above, the Board considers that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

Outstanding Share Options

As at the date of this announcement, there are outstanding Share Options entitling the holders thereof to subscribe for 45,435,092 Shares. The exercise price and the number of Shares to be issued upon exercise of the Share Options may have to be adjusted in accordance with the rules of the Share Option Scheme and in compliance with the Listing Rules and the relevant rules, guidance and listing decisions issued by the Stock Exchange. The Company will instruct its auditors or an independent financial adviser to certify the adjustments, if any, to the Share Options and will inform the holders of the Share Options of the adjustments, if any, accordingly. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

Save as the aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

Conditions of the Capital Reorganisation

The implementation of the Share Consolidation, Share Subdivision and Capital Reduction are inter-conditional with each other and the implementation of the Capital Reorganisation is conditional upon, among other things:

- (i) the passing of a special resolution to approve the Capital Reorganisation by the Shareholders at the SGM;
- (ii) compliance with Section 46(2) of the Companies Act to effect the Capital Reduction, which includes the publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares.

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganisation will become effective on the date of the SGM after the passing of the relevant resolution approving the Capital Reorganisation. Subject to the passing of the requisite resolution at the SGM approving the Capital Reorganisation, the Capital Reorganisation will comply with the laws of Bermuda and the Bye-laws.

Listing and dealings

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Adjusted Shares.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted 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 Adjusted 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 Capital Reorganisation becoming effective, Shareholders may submit certificates for the existing Shares, to the Registrar during the business hours from Friday, 28 January 2011 to Wednesday, 9 March 2011 (both dates inclusive) to exchange for the new certificates of the Adjusted Shares at the expenses of the Company. 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 submitted for cancellation or each new share certificate issued for the Adjusted Shares, whichever number of certificates cancelled or issued is higher. The existing certificates will be valid for trading and settlement up to 4:00 p.m. on Monday, 7 March 2011, being the latest time for trading in board lot of 4,000 Adjusted 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 Capital Reorganisation has become effective and may be exchanged for certificates of the Adjusted 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 Capital Reorganisation becoming effective.

Issue statistics

- Basis of the Rights Issue : Eight (8) Rights Shares for every one (1) Adjusted Share held on the Record Date and Time and payable in full on acceptance, together with one (1) Bonus Share for every eight (8) Rights Shares taken up
- Subscription price : HK\$0.10 per Rights Share
- Number of Shares in issue as at the date of this announcement : 3,262,467,540 Shares
- Number of Adjusted Shares in issue upon the completion of the Capital Reorganisation : 652,493,508 Adjusted Shares (assuming that no further Shares are issued or repurchased between the date of this announcement and the date on which the Capital Reorganisation becomes effective) or 661,580,526 Adjusted Shares (assuming all rights attaching to the outstanding Share Options are exercised before the Record Date and Time)
- Number of Rights Shares : Not less than 5,219,948,064 Rights Shares but not more than 5,292,644,208 Rights Shares on the basis of eight (8) Rights Shares for every one (1) Adjusted Share

- Number of Bonus Shares : Not less than 652,493,508 Bonus Shares and not more than 661,580,526 Bonus Shares to be issued to the First Registered Holders of the Rights Shares on the basis of one (1) Bonus Share for every eight (8) Rights Shares taken up under the Rights Issue
- Total number of issued Adjusted Shares upon completion of the Rights Issue and the Bonus Issue : Not less than 6,524,935,080 Adjusted Shares but not more than 6,615,805,260 Adjusted Shares

Assuming no exercise of any Share Options on or before the Record Date and Time, the minimum total number of the Rights Shares and the Bonus Shares of 5,872,441,572 Adjusted Shares (assuming no fractional entitlement(s) result(s) when determining the number of Bonus Shares to be issued) represents:

- (i) 900% of the number of Adjusted Shares immediately upon completion of the Capital Reorganisation (based on the Company's existing issued share capital as at the date of this announcement); and
- (ii) approximately 90% of the Company's issued share capital as enlarged by the issue of the Rights Shares and the 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 5,954,224,734 Adjusted Shares represents:

- (i) 900% of the number of Adjusted Shares immediately upon completion of the Capital Reorganisation; and
- (ii) approximately 90% of the Company's issued share capital as enlarged by the issue of the Rights Shares and the 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, 19 January 2011. 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 45,435,092 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, 19 January 2011, the number of issued Shares could increase to

3,307,902,632. On this basis, following the Capital Reorganisation, a total of 5,292,644,208 Rights Shares may be issued and the enlarged issued share capital upon completion of the Rights Issue and the Bonus Issue could correspondingly increase to 6,615,805,260 Adjusted Shares accordingly. 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 one (1) Bonus Share for every eight (8) Rights Shares taken up under the Rights Issue.

On the basis of not less than 5,219,948,064 Rights Shares but not more than 5,292,644,208 Rights Shares to be issued under the Rights Issue, not less than 652,493,508 Bonus Shares (assuming no fractional entitlement(s) result(s) when determining the number of Bonus Shares to be issued) and not more than 661,580,526 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 Registrar by 4:30 p.m. (Hong Kong time) on Wednesday, 19 January 2011 at the following address:

Tricor Tengis Limited at
26th Floor, 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 PAL(s) and EAF(s) 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 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 EAF(s) 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.

Qualifying Shareholders whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the principles above, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Qualifying Shareholders whose shares are registered in name of the nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

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 Registrar, for completion of the relevant registration not later than 4:30 p.m. on Wednesday, 19 January 2011.

Closure of register of members

The register of members of the Company, in relation to the Rights Issue, will be closed from Thursday, 20 January 2011 to Thursday, 27 January 2011, both dates inclusive. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price is HK\$0.10 per Rights Share, payable in full on application.

The Subscription Price represents:

- (i) a discount of approximately 87.65% to the adjusted closing price of HK\$0.81 per Adjusted Share, based on the closing price of HK\$0.162 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 87.82% to the adjusted average closing price of approximately HK\$0.821 per Adjusted Share, based on the average closing price of approximately HK\$0.1642 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 Capital Reorganisation;
- (iii) a discount of approximately 37.89% to the theoretical ex-entitlement price of approximately HK\$0.161 per Adjusted Share after the Rights Issue and the Bonus Issue, based on the closing price of HK\$0.162 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation; and
- (iv) a discount of approximately 96.72% to the unaudited net asset value per Adjusted Share of approximately HK\$3.05 as at 30 September 2010 and adjusted for the Capital Reorganisation.

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 Capital Reorganisation,

the Rights Issue and the Bonus Issue, 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 Adjusted 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 Tuesday, 22 February 2011 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 exchanges.

Dealings in the Rights Shares in both nil-paid and fully-paid forms which are registered in the Registrar 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 707,501,966 Shares in aggregate, representing approximately 21.69% 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 1,132,003,144 Rights Shares (with the Bonus Shares) which he and his respective associates will be entitled to pursuant to the terms of the Rights Issue; (2) the Shares or the Adjusted Shares (as the case may be) comprising his or his associates' current shareholding will remain registered in the names of them or their respective associates 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 1,132,003,144 Rights Shares (with the Bonus Shares) comprising his or his associates' entitlements under the Rights Issue will be lodged with the Registrar, with payment in full therefor in cash, by no later than 4:00 p.m. at 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 192,000,000 Rights Shares (with Bonus Shares) that are not taken up by the Qualifying Shareholders under the Rights Issue.

UNDERWRITING AGREEMENT

The Underwriting Agreement

Date	:	10 December 2010
Underwriter	:	Kingston Securities Limited. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company. As at the date of this announcement, the Underwriter is interested in three Shares.
Total number of Rights Shares being underwritten by the Underwriter	:	The Underwriter has agreed to fully underwrite not less than 3,895,944,920 Underwritten Shares and not more than 3,968,641,064 Underwritten Shares not taken up by the Qualifying Shareholders.
Commission	:	3% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares

Termination of the Underwriting Agreement

If, prior to the Latest Time For Termination:

- (i) 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
- (ii) 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
- (iii) 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 Group, 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
- (iv) 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

- (v) 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
- (vi) 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 the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) 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 the Announcement or the Circular 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:

- (i) 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 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 the filing of the Prospectus Documents with the Registrar of Companies in Bermuda in compliance with the Companies Act;
- (ii) 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 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;
- (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 both nil-paid and fully-paid forms) and the Bonus Shares by no later than the first day of their dealings;
- (iv) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time For Termination;

- (v) the passing of the necessary resolution(s) by the Shareholders (where applicable, the independent Shareholders) at the SGM to approve (i) the Capital Reorganisation; (ii) the Rights Issue, (iii) the issue and allotment of the Bonus Shares, and the transactions contemplated under the Underwriting Agreement;
- (vi) the Capital Reorganisation having been completed;
- (vii) compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement;
- (viii) compliance with and performance of all undertakings and obligations of Mr. Tang and his associates under the Irrevocable Undertaking;
- (ix) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares and the Bonus Shares;
- (x) 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 (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 (as defined in the Listing Rules); and (ii) none of whom (together with their respective parties acting in concert (within the meaning of the Takeovers Code) 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 (other than condition (vii) above) are incapable of being waived. If any of the above conditions is not satisfied in whole or in part by the Latest Time For Termination, the Underwriting Agreement shall be terminated accordingly and no party 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 Capital Reorganisation but before the completion of Rights Issue and Bonus Issue		Immediately after completion of Rights Issue and Bonus Issue (all Rights Shares are subscribed by the Qualifying Shareholders) <i>(Note 2)</i>		Immediately after completion of Rights Issue and Bonus Issue (except Mr. Tang and his associates and their concert parties and the Underwriter, none of Rights Shares are subscribed by the Qualifying Shareholders) <i>(Notes 2, 3 and 4)</i>	
	Shares	%	Adjusted Shares	%	Adjusted Shares	%	Adjusted Shares	%
<i>Substantial Shareholders:</i>								
Mr. Tang and his associates and their concert parties <i>(Note 1)</i>	707,501,966	21.69	141,500,393	21.69	1,415,003,930	21.69	1,631,003,930	25.00
<i>Public Shareholders:</i>								
The Underwriter	3	0.00	—	—	—	—	4,382,938,035	67.17
Other Shareholders (being public Shareholders)	<u>2,554,965,571</u>	<u>78.31</u>	<u>510,993,115</u>	<u>78.31</u>	<u>5,109,931,150</u>	<u>78.31</u>	<u>510,993,115</u>	<u>7.83</u>
Total	<u>3,262,467,540</u>	<u>100.00</u>	<u>652,493,508</u>	<u>100.00</u>	<u>6,524,935,080</u>	<u>100.00</u>	<u>6,524,935,080</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 Capital Reorganisation but before the completion of Rights Issue and Bonus Issue		Immediately after completion of Rights Issue and Bonus Issue (all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after completion of Rights Issue and Bonus Issue (except Mr. Tang and his associates and their concert parties and the Underwriter, none of Rights Shares are subscribed by the Qualifying Shareholders)		
	Shares	%	Adjusted		Adjusted		Adjusted		
			Shares	%	Shares	%	Shares	%	
Substantial Shareholders:									
Mr. Tang and his associates and their concert parties (Note 1)	707,501,966	21.39	141,500,393	21.39	1,415,003,930	21.39	1,631,003,930	24.65	
Mr. Chan Chun Hong, Thomas (Note 5)	372,977	0.01	74,595	0.01	745,950	0.01	74,595	0.00	
Public Shareholders:									
The Underwriter	3	0.00	—	—	—	—	4,464,721,197	67.49	
Other Shareholders (being public Shareholders)	<u>2,600,027,686</u>	<u>78.60</u>	<u>520,005,538</u>	<u>78.60</u>	<u>5,200,055,380</u>	<u>78.60</u>	<u>520,005,538</u>	<u>7.86</u>	
Total	<u>3,307,902,632</u>	<u>100.00</u>	<u>661,580,526</u>	<u>100.00</u>	<u>6,615,805,260</u>	<u>100.00</u>	<u>6,615,805,260</u>	<u>100.00</u>	

Notes:

- The above 707,501,966 Shares include (a) 4,671,057 Shares held by Mr. Tang; (b) 4,671,050 Shares held by Ms. Yau Yuk Yin (“Ms. Yau”), an executive Director and the spouse of Mr. Tang; (c) 17,086,110 Shares held by Caister Limited, a company wholly and beneficially owned by Mr. Tang; and (d) 681,073,749 Shares held by Accord Power Limited, 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.
- The difference in the total number of Adjusted 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 Rights Issue and the Bonus Issue.

REASONS FOR THE RIGHTS ISSUE (WITH BONUS 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 (with Bonus 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

* *For identification purposes only*

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 Group 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.**

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 Capital Reorganisation, the Rights Issue and the Bonus Issue, 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 estimated net proceeds of the Rights Issue will be not less than approximately HK\$506.1 million and not more than approximately HK\$513.4 million and are intended to be applied as to approximately HK\$400 million for the payment of land premium that may become payable to the Hong Kong SAR government on the Yau Tong Project and/or other Group's property development business; approximately HK\$60 million for repayment of interest-bearing debts and the remaining balance of approximately HK\$46.1 million for the general working capital of the Group.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS

The proposed Share Reorganisation, Rights Issue and Bonus Issue may lead to adjustments to the exercise price and/or the number of Shares or Adjusted 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 announcement	Description	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds
14 January 2010	Rights issue of 1,631,233,962 rights shares on the basis of three rights shares for every one consolidated share of the Company at the subscription price of HK\$0.185 per rights share	HK\$294.5 million	Approximately HK\$178.0 million for the balance payment of the acquisition of consideration and other relevant costs including stamp duties of the Yau Tong Project	Approximately HK\$173.0 million has been utilized for the balance payment of Yau Tong Project. The remaining balance of approximately HK\$5.0 million will be utilised as intended.
			Approximately HK\$76.5 million for the Group's property development business	Utilised as intended
			Approximately HK\$40.0 million for the Group's property investment business	Utilised as intended

IRREVOCABLE UNDERTAKING AND FULL ACCEPTANCE OF PROVISIONAL ENTITLEMENT AND APPLICATION FOR EXCESS RIGHTS SHARES UNDER THE RIGHTS ISSUE

As at the date of this announcement, Mr. Tang is directly and indirectly through his associates interested in 707,501,966 Shares in aggregate, representing approximately 21.69% 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

1,132,003,144 Rights Shares (with Bonus Shares) which he and his respective associates will be entitled to pursuant to the terms of the Rights Issue; (2) the Shares or the Adjusted Shares (as the case may be) comprising his or his associates' current shareholding will remain registered in the names of them or their respective associates 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 1,132,003,144 Rights Shares (with Bonus Shares) comprising his or his associates' entitlements under the Rights Issue will be lodged with the Registrar, with payment in full therefor in cash, by no later than 4:00 p.m. at 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 192,000,000 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 under 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 by the Latest Time For Acceptance and otherwise in accordance with the instructions set out on the PAL(s) and Mr. Tang and his associates subscribe for 192,000,000 excess Rights Shares pursuant to the Irrevocable Undertaking; and (3) all outstanding Share Options are exercised in full by the Record Date and Time, the interests held by Mr. Tang and parties acting in concert with him will increase from approximately 21.69% of the existing issued share capital of the Company to approximately 24.65% of the then enlarged issued share capital of the Company immediately upon completion of the Rights Issue and the Bonus Issue.

EXPECTED TIMETABLE

Event	Timeline
Expected despatch date of the circular with notice of SGM	Tuesday, 4 January 2011
Last day of dealings in Shares on a cum-rights basis	Monday, 17 January 2011
First day of dealings in Shares on an ex-rights basis	Tuesday, 18 January 2011

Latest time for Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue	4:30 p.m. on Wednesday, 19 January 2011
Latest time for lodging proxy forms for the SGM	10:00 a.m. on Tuesday, 25 January 2011
Closure of register of members of the Company (both dates inclusive)	Thursday, 20 January 2011 to Thursday, 27 January 2011
Expected date and time of SGM	10:00 a.m. on Thursday, 27 January 2011
Announcement of results of SGM	Thursday, 27 January 2011
Effective date and time of Capital Reorganisation	5:00 p.m. on Thursday, 27 January 2011
Record Date and Time	5:30 p.m. on Thursday, 27 January 2011
Commencement of dealings in the Adjusted Shares	9:30 a.m. on Friday, 28 January 2011
Register of members re-opens	Friday, 28 January 2011
Despatch of Prospectus Documents	Friday, 28 January 2011
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, 28 January 2011
Temporary counter for trading in Adjusted Shares in board lots of 4,000 Adjusted Shares (in the form of existing share certificates) opens	9:30 a.m. on Friday, 28 January 2011

First day of free exchange of existing certificates
for the Shares into new certificates for
the Adjusted Shares9:30 a.m. on
Friday, 28 January 2011

First day of dealings in nil-paid Rights Shares.....Tuesday, 1 February 2011

Latest time for splitting nil-paid Rights Shares 4:30 p.m. on
Monday, 7 February 2011

Last day of dealings in nil-paid Rights SharesThursday, 10 February 2011

Latest time for acceptance of, and payment for,
the Rights Shares (with Bonus Issue) and
the applications for excess Rights Shares
(with Bonus Issue)4:00 p.m. on
Tuesday, 15 February 2011

Designated broker starts to stand in the market
to provide matching service for the sale and
purchase of odd lots of Adjusted Shares9:30 a.m. on
Tuesday, 15 February 2011

Original counter for trading in the Adjusted Shares
in board lots of 20,000 Adjusted Shares
(only new certificates for the Adjusted Shares
in board lots of 20,000 Adjusted Shares
can be traded at this counter) re-opens9:30 a.m. on
Tuesday, 15 February 2011

Parallel trading in Adjusted Shares (in the form of
both existing certificates in board lots of
4,000 Adjusted Shares and new certificates
in board lots of 20,000 Adjusted Shares)
commences9:30 a.m. on
Tuesday, 15 February 2011

Latest time to terminate the Underwriting Agreement
and for the Rights Issue to become unconditional4:00 p.m. on
Friday, 18 February 2011

Announcement of results of the Rights IssueMonday, 21 February 2011

Refund cheques to be despatched in relation to
wholly or partially unsuccessful applications for
excess Rights Shares on or beforeTuesday, 22 February 2011

Certificates for fully paid Rights Shares and
Bonus Shares to be despatched on or beforeTuesday, 22 February 2011

Commencement of dealings in fully-paid
Rights Shares and Bonus Shares9:30 a.m. on
Thursday, 24 February 2011

Temporary counter for trading in Adjusted Shares
in board lots of 4,000 Adjusted Shares
(in the form of existing certificates) closes4:00 p.m. on
Monday, 7 March 2011

Parallel trading in the Adjusted Shares
(represented by both existing certificates in
board lots of 4,000 Adjusted Shares and
new certificates in board lots of
20,000 Adjusted Shares) ends4:00 p.m. on
Monday, 7 March 2011

Designated broker ceases to stand in the market
to provide matching service4:00 p.m. on
Monday, 7 March 2011

Last day of free exchange of existing certificates
for the Shares for the new certificates for
the Adjusted SharesWednesday, 9 March 2011

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 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 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, 1 February 2011, 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); and**
- (ii) 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 or Adjusted Shares (as the case may be) 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, 1 February 2011 to Thursday, 10 February 2011 (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 Adjusted Shares (as the case may be) or nil-paid Rights Shares are recommended to consult their own professional advisers.

GENERAL

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 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 21.69% 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 favour of the resolutions relating to 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 Rights Issue and the Bonus Issue are fair and reasonable and whether 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 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 SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the proposed Capital Reorganisation and the Rights Issue together with the Bonus Issue. A circular containing, among other things, (i) further details about the proposed Capital Reorganisation and the Rights Issue together with the Bonus Issue; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respects of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders on the Rights Issue; and (iv) the notice convening the SGM, will be despatched to the Shareholders on or before 4 January 2011.

Upon the approval of the Rights Issue (with Bonus Issue) by the Independent Shareholders at the SGM and the Capital Reorganisation becoming effective, the Prospectus Documents setting out details of the Rights Issue (with Bonus Issue) will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Shareholders for information only.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on Monday, 13 December 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Tuesday, 14 December 2010.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Adjusted Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company upon the Capital Reorganisation becoming effective
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the issue of the Bonus Shares on the basis of one (1) Bonus Share for every eight (8) Rights Shares taken up under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents
“Bonus Share(s)”	the bonus Adjusted Share(s) to be issued (for no additional payment) to the First Registered Holders of Rights Shares on the basis of one (1) bonus Adjusted Share for every eight (8) Rights Shares taken up under the Rights Issue subject to the terms and upon the conditions as set out in the Underwriting Agreement and the Prospectus Documents
“Bye-laws”	the bye-laws of the Company
“Capital Reduction”	the proposed reduction of the Company’s issued share capital whereby (i) the par value of all the issued Consolidated Shares shall be reduced from HK\$0.25 each to HK\$0.01 each and the issued share capital of the Company shall accordingly be reduced to the extent of HK\$0.24 per Consolidated Share in issue and (ii) any aggregated number of fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation shall be reduced and cancelled
“Capital Reorganisation”	the proposed reorganisation of the Company’s issued and unissued share capital which comprises: (1) Share Consolidation; (2) Capital Reduction; (3) Share Subdivision; and (4) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	Companies Act 1981 of Bermuda
“Company”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	means ordinary share(s) of HK\$0.25 each in the issued share capital of the Company immediately upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form of application for excess Rights Shares
“Excluded Shareholder(s)”	the Overseas Shareholder(s) 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
“First Registered Holder(s)”	Qualifying Shareholder(s) who have applied for and received the Rights Shares allotted to them by the Company after lodging valid PALs and EAFs (if applicable) or in respect of those Underwritten Shares not taken up and those first registered holders who have received the Underwritten Shares which the Underwriter subscribed or procured subscription pursuant to the Underwriting Agreement
“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 and the Irrevocable Undertaking
“Irrevocable Undertaking”	an irrevocable undertaking dated 10 December 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”	10 December 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 Tuesday, 15 February 2011, 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 the third business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement 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, the chairman of the Company and an executive Director
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) on the register of members of the Company at the Record Date and Time are outside Hong Kong
“PAL(s)”	provisional allotment letter(s) for the Rights Issue
“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 (with the Bonus Issue) in such form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Friday, 28 January 2011, or such other day as may be agreed between the Company and the Underwriter, being the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), 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, 27 January 2011, being the date and time by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, which is Tricor Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Remaining Untaken Share(s)”	those (if any) of the Untaken Share(s) in excess of the 192,000,000 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 5,219,948,064 Rights Shares and not more than 5,292,644,208 Rights Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of eight (8) Rights Shares for every one (1) Adjusted Share held at the Record Date and Time pursuant to the Rights Issue
“SGM”	the special general meeting of the Company to be convened and held to consider and approve, among other things, the proposed Capital Reorganisation, the Rights Issue and the Bonus Issue

“Share(s)”	the ordinary share(s) of HK\$0.05 each in the share capital of the Company prior to the implementation of the Capital Reorganisation
“Shareholder(s)”	holder(s) of the Share(s), Consolidated Share(s) or Adjusted Share(s) (as the case may be)
“Share Consolidation”	the consolidation of Share(s) in the issued share capital of the Company whereby every five (5) Shares of par value of HK\$0.05 each in the issued share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.25
“Share Options”	the options granted by the Company to subscribe for Shares, the Consolidated Shares or Adjusted Shares (as the case may be) pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 3 May 2002 at the special general meeting of the Company
“Share Subdivision”	the proposed subdivision of every one (1) authorised but unissued Share of par value of HK\$0.05 each into five (5) Adjusted Shares of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Kingston Securities Limited, a corporation licensed to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 10 December 2010 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Share(s)”	not less than 3,895,944,920 Rights Shares and not more than 3,968,641,064 Rights Shares underwritten by the Underwriter

“Untaken Share(s)”	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
“Yau Tong Project”	the properties located at 13 and 15 Sze Shan Street, Yau Tong, Hong Kong, being developed by the Group
“HK\$”	Hong Kong dollar(s), 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, 13 December 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.

* *For identification purposes only*