

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



WANG ON GROUP LIMITED
(宏 安 集 團 有 限 公 司) *

(Incorporated in the Bermuda with limited liability)
(Stock Code: 1222)

ANNOUNCEMENT

CHANGE OF USE OF PROCEEDS

The Board announces that the Company has decided to change the use of the net proceeds from the Rights Issue as more particularly set out in this announcement.

Reference is made to the announcement dated 13 December 2010 of Wang On Group Limited (the “**Company**” together with its subsidiaries, collectively the “**Group**”), its circular dated 4 January 2011 and its prospectus dated 28 January 2011 (the “**Prospectus**”) in relation to the Rights Issue. Unless otherwise specified, terms used herein shall have the same meanings as those defined in the Prospectus.

The Rights Issue was completed in February 2011 and the Company had raised net proceeds of approximately HK\$506.1 million. It was stated in the Prospectus that the Company intended to apply the net proceeds from the Rights Issue as to approximately HK\$350 million for the payment of land premium which may become payable to the government of Hong Kong (the “**Hong Kong Government**”) on the Yau Tong Project and subject to negotiations with the Hong Kong Government, any remaining balance after deduction of such land premium for the Group’s other property development business (“**YT Allocated Proceeds**”); approximately HK\$50 million for the Group’s other property development business; approximately HK\$60 million for the repayment of interest-bearing debts; and approximately HK\$46.1 million for the general working capital of the Group.

As at the date of this announcement, out of the net proceeds from the Rights Issue, approximately HK\$50 million, approximately HK\$60 million and approximately HK\$46.1 million have been applied for the Group’s property development, the repayment of interest-bearing debts and the general working capital, respectively. In particular, the YT Allocated Proceeds in the amount of approximately HK\$350 million remain unutilised.

Subsequent to completion of the Rights Issue, the Company had several rounds of negotiations with the Hong Kong Government on the terms of the Yau Tong Project. Having considered the latest terms offered by the Hong Kong Government to the Company (including the amount of the land premium payable) as well as the recent economic and market conditions, the Board is of the view that it is not in the best interests of the Company and the Shareholders as a whole to proceed with the Yau Tong Project on such terms.

* For identification purpose only

As it appears unlikely that (a) the Company and the Hong Kong Government will reach agreement on the terms of the Yau Tong Project (including the amount of the land premium payable) in the near future; and (b) the economic and market conditions will change dramatically in the near future, the Board has resolved to change the intended application of the YT Allocated Proceeds as follows in order to utilise the net proceeds from the Rights Issue more effectively:

- (i) approximately HK\$230 million for the Group's existing property development projects, including but not limited to, the projects in Pak Kung Street, Hunghom, Nathan Road, Mongkok, Kwai Heung Street, Sai Ying Pun and Camp Street, Sham Shui Po and/or the Group's other property development and investment business should suitable opportunities become available (as of the date of this announcement, no such opportunities have been identified);
- (ii) approximately HK\$70 million for the repayment of bank loans; and
- (iii) approximately HK\$50 million for the general working capital of the Group.

The Company will continue to seek to reach agreement with the Hong Kong Government on the terms of the Yau Tong Project (including the amount of the land premium payable). If agreement is reached with the Hong Kong Government on terms which the Board considers to be reasonably satisfactory, the Yau Tong Project will be funded by the Group's internal resources, cash flow generated from operations, bank borrowings, and/or other funding sources or fund raising plans. The Company will only proceed with the Yau Tong Project if it is satisfied that it has sufficient funding resources to do so. As at the date of this announcement, the Group does not have any fund raising plans.

The Board believes that such change of the use of the net proceeds from the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

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, 12 April 2012

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 purpose only*