



WellNet Holdings Limited

(Incorporated in Bermuda with limited liability)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

PLACING AGENT



KINGSTON SECURITIES LIMITED

On 10th June, 2002, the Vendor entered into the Placing Agreement with the Placing Agent and the Subscription Agreement with the Company respectively. Pursuant to the Placing Agreement, the Vendor has agreed to place, through the Placing Agent, 100,000,000 Placing Shares to independent investors at a price of HK\$0.90 per Placing Share. The Placing Shares are placed by the Placing Agent on a fully underwritten basis. Under the Subscription Agreement, the Vendor conditionally agreed to subscribe for 100,000,000 Subscription Shares at a price of HK\$0.90 per Subscription Share.

The Placing Shares represent approximately 10.62% and the Subscription Shares represent approximately 10.62% of the Company's existing issued share capital of 941,644,301 Shares. The Placing Shares represent approximately 9.60% and the Subscription Shares represent approximately 9.60% of the Company's issued share capital of 1,041,644,301 Shares as enlarged by the Subscription of 100,000,000 Subscription Shares. The net proceeds from the Subscription of approximately HK\$88 million will be used for the investments in metal manufacturing and warehousing businesses for further expansions and as general working capital of the Group.

The Subscription is conditional upon the completion of the Placing and the listing of, and permission to deal in, all the Subscription Shares being granted by the Stock Exchange and Singapore Exchange Securities Trading Limited.

THE PLACING AGREEMENT

Placing Agreement

The Placing Agreement was entered into between the Vendor and the Placing Agent on 10th June, 2002. Pursuant to the Placing Agreement, the Vendor agreed to place, through the Placing Agent, 100,000,000 Placing Shares to independent investors at a price of HK\$0.90 per Placing Share. The Placing Shares are to be placed by the Placing Agent on a fully underwritten basis.

Placing Agent

Kingston Securities Limited is the Placing Agent and will receive a placing commission of 2% on the gross proceeds of the Placing. The Placing Agent is independent of and not connected with the Directors, chief executive or substantial Shareholders of the Company or any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules).

Placees

Not fewer than six placees (which are required to be independent individual, corporate and/or institutional investors) who and their ultimate beneficial owners will be independent of and not connected with the Company or with the Directors, chief executive or substantial Shareholders of the Company, and any of their subsidiaries or any of their respective associates (as defined in the Listing Rules). None of the placees will become a substantial Shareholder of the Company immediately following the completion of the Placing.

Placing price

The price per Placing Share of HK\$0.90 was determined after arm's length negotiation and on usual commercial terms and (i) represents a discount of approximately 7.2% to the closing price of HK\$0.97 per Share as quoted on the Stock Exchange on 10th June, 2002, being the last trading day before this announcement; and (ii) also represents a discount of approximately 5.3% to the average closing price of approximately HK\$0.95 per Share as quoted on the Stock Exchange for the last ten trading days ended 10th June, 2002, being the last trading day before this announcement.

Placing Shares

100,000,000 Shares are to be placed, representing approximately 10.62% of the Company's existing issued share capital of 941,644,301 Shares and approximately 9.60% of the Company's issued share capital of 1,041,644,301 Shares as enlarged by the Subscription.

Completion

Completion shall take place on the third business day after the date of this announcement.

THE SUBSCRIPTION AGREEMENT

Subscription Agreement

On 10th June, 2002, the Company and the Vendor entered into the Subscription Agreement in which the Company conditionally agreed to allot and issue, and the Vendor conditionally agreed to subscribe for the Subscription Shares at a price of HK\$0.90 per Subscription Share.

The Vendor

The Vendor holds 226,403,853 Shares in the Company as at the date of this announcement, representing approximately 24.04% of the Company's issued share capital. Upon completion of the Placing and the Subscription, the Vendor will hold approximately 21.74% of the then issued share capital of the Company.

Price of the Subscription Shares

The price of the Subscription Shares of HK\$0.90 per Subscription Share, being equivalent to the price of the Placing Shares, was determined after arm's length negotiation and on usual commercial terms.

The Subscription Shares

100,000,000 new Shares are to be subscribed, representing approximately 10.62% of the Company's existing issued share capital of 941,644,301 Shares and approximately 9.60% of the Company's issued share capital of 1,041,644,301 Shares as enlarged by the Subscription.

Conditions

Completion of the Subscription Agreement is conditional upon the completion of the Placing and the listing of, and permission to deal in, all the Subscription Shares being granted by the Stock Exchange and Singapore Exchange Securities Trading Limited.

Completion

The Subscription is to be completed within 14 days after the date of entering of the Placing Agreement, i.e. on or before 24th June, 2002.

APPLICATION FOR LISTING

Applications will be made by the Company to the Listing Committee of the Stock Exchange and Singapore Exchange Securities Trading Limited for granting of the listing of and permission to deal in the Subscription Shares.

GENERAL MANDATE

The Subscription Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors of the Company by resolution of its Shareholders passed at the Company's annual general meeting held on 6th June, 2002.

EFFECTS ON SHAREHOLDING STRUCTURE

	Before Placing and Subscription	After Placing but before Subscription	After Placing and Subscription
The Vendor (<i>Note</i>)	24.04%	13.42%	21.74%
Strong Purpose Corporation (<i>Note</i>)	22.50%	22.50%	20.34%
Directors and connected persons (<i>Note</i>)	4.82%	4.82%	4.36%
The Placees	–	10.62%	9.60%
Public	48.64%	48.64%	43.96%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Note: Upon completion of the Placing and the Subscription, the aggregate shareholding of Mr. Chan Shing, the Chairman of the Company, and Ms. Lau Ting, a Director and the wife of Mr. Chan Shing, through personal interests of approximately 3.70% and a 51% interest in the Vendor (49% of which is owned by Zhong Shan Company Limited which is wholly owned by the Jiangsu Provincial People's Government of the People's Republic of China) and a 100% interest in Strong Purpose Corporation, will be reduced from approximately 50.24% of the existing share capital to approximately 45.42% of the then issued share capital of the Company as enlarged by the Subscription.

USE OF PROCEEDS

All the costs, expenses and commissions incurred in relation to the Placing and the Subscription will be borne by the Company. The net proceeds of approximately HK\$88 million from the Subscription will be used for the investments in metal manufacturing and warehousing businesses for further expansions and as general working capital of the Group.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while broadening the shareholder base and the capital base of the Company.

GENERAL

The Directors consider the terms of the Placing Agreement and the Subscription Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Subscription Shares will rank, upon issue, equally with the existing Shares.

TERMS AND DEFINITION

"Board"	the board of Directors
"Company"	WellNet Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange and Singapore Exchange Securities Trading Limited
"Director(s)"	director(s) of the Company
"Hong Kong"	Hong Kong Special Administration Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Placing"	the placing of 100,000,000 Shares by the Vendor pursuant to the Placing Agreement
"Placing Agent"	Kingston Securities Limited, a dealer registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong)
"Placing Agreement"	a placing agreement entered into between the Vendor and the Placing Agent dated 10th June, 2002 in relation to the Placing
"Placing Shares"	a total of 100,000,000 Shares which are beneficially owned by the Vendor, to be placed pursuant to the Placing Agreement
"Shares"	ordinary shares of HK\$0.10 in the share capital of the Company
"Shareholder(s)"	holders of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription for the Subscription Shares pursuant to the Subscription Agreement
"Subscription Agreement"	a conditional subscription agreement entered into between the Company and the Vendor dated 10th June, 2002 in relation to the Subscription
"Subscription Shares"	a total of 100,000,000 new Shares to be subscribed by the Vendor pursuant to the Subscription Agreement
"Vendor"	Hang Sing Overseas Limited, a company incorporated in the British Virgin Islands with limited liability, holding approximately 24.04% of the issued share capital of the Company as at the date of this announcement
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

By Order of the Board
WellNet Holdings Limited
Ng Lai Ping, Grace
Company Secretary

Hong Kong, 10th June, 2002