



WANG ON GROUP LIMITED

(incorporated in Bermuda with limited liability)

CONDITIONAL PLACING OF SHARES IN DAILYWIN GROUP LIMITED

Placing Agent



KINGSTON SECURITIES LIMITED

The Company has entered into a conditional placing agreement on 13th June, 2002 with the Placing Agent to place, on a fully underwritten basis, 4,500,000,000 Dailywin Shares (or 6,000,000,000 Dailywin Shares) at the price of HK\$0.01 per Placing Share. The Placing Shares represent approximately 32.64% of the Dailywin Shares in issue immediately after completion of the Acquisition, or 57.15% of the Dailywin Shares in issue immediately after completion of the Wang On Disposal if the Town Health Disposal does not proceed (in either case, before any conversion of the Convertible Notes).

Upon completion of the Placing, the attributable interest of the Wang On Group in the issued share capital of Dailywin will be reduced from (i) approximately 75.04% to approximately 42.40% of the total Dailywin Shares in issue after the completion of the Acquisition; or (ii) from approximately 98.56% to approximately 41.41% of the total Dailywin Shares in issue after the completion of the Wang On Disposal only (if that the Town Health Disposal does not proceed). Immediately after the Placing, not less than 25% of the Dailywin Shares then in issue will be held by the public.

Reference is made to the announcement jointly made by Wang On Group Limited (the "Company"), Dailywin Group Limited ("Dailywin") and Town Health International Holdings Company Limited dated 22nd May, 2002 in relation to, among others, the disposal by the Company of its entire issued share capital of Reliance City Investments Limited to Dailywin (the "Joint Announcement"). Terms used in this announcement shall have the same meanings as those defined in the Joint Announcement unless the context otherwise requires.

Further to the Joint Announcement, with a view to ensure compliance with the minimum public float requirement of the Listing Rules and the undertaking given by the Company to the Stock Exchange that not less than 25% of the Dailywin Shares will be held by the public within 30 days of the completion of the Wang On Disposal, and to increase the shareholder base of Dailywin which in turn will enhance the liquidity of Dailywin Shares, the Company has entered into a conditional placing agreement on 13th June, 2002 (the "Placing Agreement") with Kingston Securities Limited (the "Placing Agent").

PLACING AGREEMENT DATED 13TH JUNE, 2002

Basis of Placing:

The Placing Agent will place the Placing Shares on a fully underwritten basis (the "Placing").

Number of Dailywin Shares to be placed (the "Placing Shares"):

Assuming both the Wang On Disposal and the Town Health Disposal proceed:

4,500,000,000 Dailywin Shares directly or indirectly owned by Wang On, representing approximately 32.64% of the total Dailywin Shares in issue immediately after the completion of the Acquisition but before any conversion of the Convertible Notes.

Assuming the Wang On Disposal proceeds, but not the Town Health Disposal:

6,000,000,000 Dailywin Shares directly or indirectly owned by Wang On, representing approximately 57.15% of the total Dailywin Shares in issue immediately after the completion of the Wang On Disposal but before any conversion of the Convertible Notes.

Placing Price:

HK\$0.01 per Placing Share (the "Placing Price")

The Placing Price represents a discount of 91.23% to the closing price of HK\$0.114 per Dailywin Share as quoted on the Stock Exchange on 13th June, 2002 (being the last trading day on the Stock Exchange prior to the release of this announcement) and a discount of approximately 91.27% to the average closing price of HK\$0.1145 per Dailywin Share as quoted on the Stock Exchange for the ten trading days up to and including 13th June, 2002. The Placing Price was determined with reference to the issue price per Consideration Share under the Acquisition and the general market conditions and after arm's length negotiations between the Placing Agent and the Company.

Condition:

The Placing Agreement is conditional upon the completion of the Acquisition or (in the event that the Town Health Disposal does not proceed) the Wang On Disposal.

Completion:

Completion shall take place on or before the fifth Business Days after completion of the Acquisition or the Wang On Disposal (or at such other date as the parties may otherwise agree).

Under the Acquisition Agreement, completion of the Wang On Disposal itself shall take place on the seventh Business Day after the fulfillment of the conditions precedent to the Acquisition Agreement (other than the condition as to the approval of the shareholders of Town Health), or such other date as the relevant parties may agree in writing prior to completion of the Wang On Disposal. In the event that any of the conditions precedent to the Acquisition Agreement (other than the condition as to the approval of the shareholders of Town Health) has not been fulfilled on or before 31st August, 2002 (or such later dates as may be agreed between the parties), the Acquisition Agreement shall lapse.

INDEPENDENCE OF THE PLACING AGENT AND PLACEES

The Placing Agent is, and the placees to be procured by the Placing Agent under the Placing Agreement and their respective ultimate beneficial owners will be, independent of and not connected with the Company, the directors, chief executive,

substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules).

SHAREHOLDING IN DAILYWIN

As disclosed in the Joint Announcement, subject to completion of the Acquisition or (assuming that the Town Health Disposal does not proceed) the Wang On Disposal (as the case may be), the Wang On Group will be interested in approximately 75.04% or 98.56% of the total Dailywin Shares in issue immediately after the completion of the Acquisition or the Wang On Disposal respectively.

Upon completion of the Placing, the attributable interest of the Wang On Group in the issued share capital of Dailywin will be reduced from (i) approximately 75.04% to approximately 42.40% of the total Dailywin Shares in issue after the completion of the Acquisition (i.e., both the Wang On Disposal and the Town Health Disposal proceed); or (ii) approximately 98.56% to approximately 41.41% of the total Dailywin Shares in issue after the completion of the Wang On Disposal only (if the Town Health Disposal does not proceed) (in either case, before any conversion of the Convertible Notes). Immediately after completion of the Placing (and before any conversion of the Convertible Notes), the public will hold (i) approximately 44.61% of the Dailywin Shares then in issue, assuming both the Wang On Disposal and the Town Health Disposal proceed; or (ii) approximately 58.59% of the Dailywin Shares then in issue, if only the Wang On Disposal proceeds but not the Town Health Disposal.

INFORMATION ON THE DAILYWIN GROUP

As mentioned in the Joint Announcement, the Dailywin Group is principally engaged in the manufacturing and sale of watches and bags and the principal markets for its products are the US and the PRC. During the past few years, the Dailywin Group has been experiencing a negative impact on its financial condition owing to the worldwide sluggish economy, particularly the US market, and it faces price pressure from customers and keen competition from other suppliers. For the two years ended 31st March, 2001, the Dailywin Group recorded (i) audited net loss before taxation of approximately HK\$6,798,000 and approximately HK\$31,260,000 respectively; and (ii) audited net losses after taxation of approximately HK\$6,925,000 and approximately HK\$31,491,000 respectively. The Dailywin Group further recorded an unaudited net loss before taxation of approximately HK\$15,473,000 and an unaudited net loss after taxation of approximately HK\$15,479,000 for the six months ended 30th September, 2001. As of 30th September, 2001, the unaudited consolidated net liabilities of Dailywin were approximately HK\$28.75 million. During each of the two years ended 31st March, 2001 and the six months ended 30th September, 2001, the Dailywin Group did not record any gain/loss from extraordinary items.

REASONS FOR THE PLACING AND USE OF PROCEEDS

As mentioned in the Joint Announcement, it has been the intention of the Company to maintain the listing status of Dailywin after the Acquisition and, subject to the market conditions prevailing, to reduce its shareholding interest in Dailywin to less than 50% following the Acquisition. The Placing will ensure that not less than 25% of the issued Dailywin Shares will be held by the public in compliance with the minimum public float requirement of the Listing Rules and will increase the shareholder base of Dailywin which in turn will enhance the liquidity of Dailywin Shares. Upon completion of the Placing, not less than 25% of the Dailywin Shares will be held by the public and the attributable interest of the Wang On Group in the issued share capital of Dailywin will be reduced to approximately 42.40% or (if the Town Health Disposal does not proceed) 41.41%.

The gross proceeds from the Placing will amount to HK\$45 million (or HK\$60 million, if the Town Health Disposal does not proceed). It is expected that the net proceeds from the Placing of approximately HK\$42 million (or HK\$56.5 million, if the Town Health Disposal does not proceed) will be applied as to HK\$30 million for future acquisitions of investment properties (although no specific property has yet been identified by the Company) and the remaining HK\$12 million (or HK\$26.5 million, if the Town Health Disposal does not proceed) as general working capital for the Wang On Group.

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

Hong Kong, 13th June, 2002