

WANG ON GROUP LIMITED

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WANG ON GROUP LIMITED

(Incorporated in Bermuda with limited liability)

MAJOR AND CONNECTED TRANSACTIONS

**Joint financial advisers to
Wang On Group Limited**



Kingston Corporate Finance Limited



Kingsway Capital Limited



Town Health International Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

MAJOR TRANSACTION

Financial adviser to

Town Health International Holdings Company Limited

WANG ON GROUP LIMITED



First Shanghai Capital Limited



Dailywin Group Limited

(Incorporated in Bermuda with limited liability)

MAJOR AND CONNECTED TRANSACTIONS

Financial adviser to Dailywin Group Limited



Tai Fook Capital Limited

**PROPOSED ACQUISITION OF AN EFFECTIVE INTEREST OF
APPROXIMATELY 99.79% IN WAI YUEN TONG MEDICINE
COMPANY LIMITED BY DAILYWIN GROUP LIMITED
AND
APPLICATION FOR THE GRANTING OF THE WHITEWASH
WAIVER OF
OBLIGATION TO MAKE A GENERAL OFFER
BY WANG ON GROUP LIMITED**

AND

TOWN HEALTH INTERNATIONAL HOLDINGS COMPANY

LIMITED

FOR THE ISSUED SHARES IN AND OUTSTANDING

CONVERTIBLE BONDS AND

SHARE OPTIONS OF DAILYWIN GROUP LIMITED

Acquisition by Dailywin of an effective interest of approximately 99.79% in WYT Medicine through the acquisition of the entire issued share capital of Reliance City and Plenty Time

The respective boards of directors of Dailywin, Wang On and Town Health wish to announce that, on 22nd May, 2002, Dailywin entered into the Acquisition Agreement with Wang On and Town Health. Pursuant to the Acquisition Agreement, Dailywin has conditionally agreed to acquire the entire issued share capital of Reliance City and Plenty Time from Wang On and Town Health respectively for an aggregate consideration of HK\$220 million. Reliance City and Plenty Time are beneficially interested in approximately 75.79% and 24% respectively of the entire issued voting share capital of WYT Medicine. Apart from their respective interests in WYT Medicine, Reliance City and Plenty Time do not carry on any business or have any outstanding liabilities or other assets. The consideration will be satisfied as to HK\$136 million by the issue of 13,600,000,000 Consideration Shares and as to HK\$84 million by the issue of the Convertible Notes. The Consideration Shares and the Convertible Notes will be issued to Wang On and Town Health (or their respective nominees) in accordance with the approximate proportions of their respective indirect interests in WYT Medicine to be sold to Dailywin.

The Consideration Shares, which are to be issued at HK\$0.01 each, represent approximately 72 times the existing issued share capital of Dailywin and approximately 98.6% of the issued share capital of Dailywin as enlarged by the issue of the Consideration Shares. Assuming full conversion of the Convertible Notes at a conversion price of HK\$0.01 per Dailywin Share, Dailywin will issue and allot 8,400,000,000 Conversion Shares, which will represent approximately 44 times the existing issued share capital of Dailywin and approximately 37.9% of the issued share capital of Dailywin as enlarged by the issue of the Consideration Shares and the Conversion Shares.

The issue price per Consideration Share and the initial conversion price per Conversion Share is HK\$0.01 which represents a discount of approximately 93.87% to the closing price of HK\$0.163 per Dailywin Share as quoted on the Stock Exchange on 15th May, 2002, being the last trading day prior to suspension of trading in the Dailywin Shares on the Stock Exchange pending the issue of this announcement. As of 30th September, 2001, the unaudited consolidated net liabilities of Dailywin were approximately HK\$28.75 million, equivalent to a net deficit of approximately HK\$0.1514 per Dailywin Share.

Based on the closing price of HK\$0.163 per Dailywin Share as quoted on the Stock Exchange on 15th May, 2002, the aggregate value of the Consideration Shares and the Conversion Shares to be issued under the Convertible Notes is HK\$3,586 million (being HK\$0.163 x (13,600 million Consideration Shares + 8,400 million Conversion Shares)).

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares.

The Whitewash Waiver

The aggregate shareholding of Wang On and Town Health and parties acting in concert with them in Dailywin immediately after completion of the Acquisition and upon full conversion of the Convertible Notes will be increased from approximately 20.27% to approximately 99.32%. Accordingly, unless the Whitewash Waiver is granted, Wang On and Town Health and parties acting in concert with them would incur an obligation, upon completion of the Acquisition, to make a mandatory general offer for all the issued Dailywin Shares and outstanding convertible bonds and share options of Dailywin not already owned or acquired by Wang On and Town Health and parties acting in concert with them under Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares and the issue of the Conversion Shares upon the full conversion of the Convertible Notes. An application will be made to the Executive for the granting of the Whitewash Waiver as soon as possible.

Restructuring of the Existing Loans due to Rich Time by Dailywin

The board of Dailywin wishes to announce that, on 22nd May, 2002, Dailywin and Rich Time entered into the Loan Agreement pursuant to which Dailywin and Rich Time agreed to replace the Existing Loans by the New Loan. The aggregate principal amount of the New Loan is HK\$64,850,000 which is unsecured, has a term of 3 years and carries an annual interest at 2% above Prime.

The Loan Agreement is conditional on the completion of the Wang On Disposal and full payment by Dailywin to Rich Time of the interest accrued on the Existing Loans up to and including the day immediately before the completion of the Wang On Disposal. The total interest payable by Dailywin relating to the Existing Loans is approximately HK\$392,000 per month.

The New Loan constitutes a connected transaction of Wang On. However, no independent shareholders' approval is required because of the application of Rule 14.25 (2)(a) of the Listing Rules. Details of the New Loan will be included in Wang On's next published annual report.

Increase in Authorised Share Capital

In order to facilitate the Acquisition by enabling Dailywin to issue and allot the Consideration Shares and, upon conversion of the Convertible Notes, the Conversion Shares, the board of Dailywin proposes that, subject to, among other things, the Acquisition Agreement becoming unconditional and the approval by the shareholders of Dailywin at the SGM, the authorised share capital of Dailywin be increased from HK\$80,000,000 to HK\$600,000,000 by the creation of 52,000,000,000 new Dailywin Shares.

General

The sale by Wang On of the entire issued share capital of Reliance City to Dailywin, being part of the Acquisition, constitutes a major transaction for Wang On under the Listing Rules and will be subject to the approval of the shareholders of Wang On at a special general meeting of Wang On to be convened for such purpose. No shareholders of Wang On have a material interest in the Wang On Disposal and as such none of them will be required to abstain from voting. A circular containing, among other things, further details of the Acquisition will be despatched to the shareholders of Wang On as soon as practicable.

The sale by Town Health of the entire issued share capital of Plenty Time to Dailywin, being part of the Acquisition, constitutes a major transaction for Town Health under the GEM Listing Rules and will be subject to the approval of the shareholders of Town Health at an extraordinary general meeting of Town Health to be convened for such purpose. None of the shareholders of Town Health is interested in the Town Health Disposal and as such, none of them will be required to abstain from voting at the extraordinary general meeting of Town Health. A circular containing, among other things, further details of the Acquisition will be despatched to the shareholders of Town Health as soon as practicable.

Completion of the Acquisition is conditional upon, among other things, (i) the Independent Shareholders' approval by way of a poll at the SGM in respect of the Acquisition Agreement, the

issue of the Consideration Shares and the Convertible Notes and the Whitewash Waiver; (ii) approval by the shareholders of Dailywin of the Increase in Authorised Share Capital; (iii) the shareholders of Wang On in general meeting approving the Wang On Disposal; (iv) the shareholders of Town Health in general meeting approving the Town Health Disposal; (v) the Stock Exchange granting listing of, and permission to deal in, the Consideration Shares and the Conversion Shares; and (vi) the Executive granting the Whitewash Waiver. Subject to the conditions stated above, the Acquisition Agreement provides that (i) completion of the Wang On Disposal will take place if approval from shareholders has been obtained by Wang On even where the condition as to the approval of the shareholders of Town Health is not fulfilled and the Town Health Disposal cannot proceed; and (ii) the Acquisition (including the Town Health Disposal) will not proceed if Wang On fails to obtain the necessary approval from its shareholders at the special general meeting of Wang On in relation to the Wang On Disposal.

The Acquisition constitutes a major transaction for Dailywin under the Listing Rules. Since Wang On is a substantial shareholder of Dailywin having a shareholding interest of approximately 20.27% in Dailywin, the Acquisition also constitutes a connected transaction for Dailywin under the Listing Rules and will be subject to approval of the Independent Shareholders at the SGM. An independent board committee of Dailywin will be formed to consider the Whitewash Waiver and the terms of the Acquisition. Kim Eng Capital (Hong Kong) Limited has been appointed to advise the independent board committee of Dailywin regarding the Whitewash Waiver and the terms of the Acquisition. The Increase in Authorised Share Capital is subject to approval of the shareholders of Dailywin. A circular containing further details on the Acquisition, the Whitewash Waiver and the Increase in Authorised Share Capital will be despatched to the shareholders of Dailywin as soon as practicable.

Immediately after completion of the Acquisition (or the Wang On Disposal (as the case may be)), less than 25% of the Dailywin Shares will be held by the public. Dailywin, Wang On and Town Health (Town Health's undertaking will only apply in case the Town Health Disposal having been completed pursuant to the Acquisition Agreement) have undertaken to the Stock Exchange that they will take appropriate steps to ensure not less than 25% of the Dailywin Shares will be held by the public within 30 days of the completion of the Acquisition in compliance with the minimum public float requirement of the Listing Rules. **The Stock Exchange has stated that, if less than 25% of the issued Dailywin Shares are in public hands following the completion of the Acquisition Agreement, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Dailywin Shares or there are insufficient Dailywin Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Dailywin Shares.**

Suspension and resumption of trading in the Dailywin Shares

At the request of Dailywin, trading in the Dailywin Shares on the Stock Exchange was suspended from 9:30 a.m. on 15th May, 2002 pending the issue of this announcement. Application has been made by Dailywin to the Stock Exchange for the resumption of trading in the Dailywin Shares on the Stock Exchange from 9:30 a.m. on 23rd May, 2002.

Since the Acquisition is subject to the fulfillment of a number of conditions, the Acquisition may or may not complete. Shareholders of and potential investors in each of Wang On, Town Health and Dailywin are advised to exercise caution when dealing in the respective securities of Wang On, Town Health and Dailywin.

THE ACQUISITION AGREEMENT DATED 22ND MAY, 2002

Parties and assets to be acquired

Vendors : Wang On and Town Health

Town Health (through its wholly-owned subsidiary, Plenty Time) is a substantial shareholder of WYT Medicine having a 24% beneficial interest in it. WYT Medicine is an approximately 75.79% indirect non wholly-owned subsidiary of Wang On. Accordingly, Town Health is a connected person of Wang On pursuant to the Listing Rules. In so far as the directors of Town Health are aware, there is no shareholder interested in more than 30% of the issued share capital of Town Health. Origin Limited, which is owned as to approximately 90.5% by Dr. Cho, is interested in approximately 21.77% of the issued share capital of Town Health. Accordingly, Dr. Cho (through his interest in Origin Limited) is deemed to be interested in an approximately 21.77% shareholding interest in Town Health. Dr. Cho is the chairman and a director of Town Health. Save as disclosed herein, neither Dr. Cho nor Origin Limited is interested in any shares in Wang On or Dailywin. Both Wang On and Town Health are shareholders of Luxembourg Medicine Company Limited, a company in which Wang On and Town Health have indirect interests of approximately 47.5% and approximately 49.9% respectively. Luxembourg Medicine Company Limited is principally engaged in the manufacture and sale of cough syrup under the brand name "Madame Pearl's" and other healthcare products. Each of the boards of directors of Luxembourg Medicine Company Limited and WYT Medicine consists of five directors, among which three out of five directors are in common. Save as disclosed herein, WYT Medicine and Luxembourg Medicine Company Limited do not have any other relationship.

Wang On is a connected person of Dailywin pursuant to the Listing Rules since it is a substantial shareholder of Dailywin interested in approximately 20.27% of the total issued Dailywin Shares. Mr. Tang and Mr. Chan are the common directors of Dailywin and Wang On. To the best knowledge of the directors of Wang On, Wang On has no shareholder having an interest of 30% or more. Mr. Tang, the chairman and a director of Wang On, together with his associates for the purposes of the Listing Rules, owns an approximately

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19.37% shareholding interest in Wang On. Mr. Tang is also the chairman and a director of Dailywin.

Wang On and Town Health are deemed concert parties under the Takeovers Code.

Save for the above relationships, Town Health is an independent third party not connected with the directors, chief executive and controlling shareholders of Dailywin or its subsidiaries or any of their respective associates. Town Health is not interested in any Dailywin Shares as at the date of this announcement.

Purchaser : Dailywin

Assets involved : the entire issued share capital of Reliance City and Plenty Time

Consideration

Pursuant to the Acquisition Agreement, Dailywin has conditionally agreed to acquire the entire issued share capital of Reliance City and Plenty Time from Wang On and Town Health respectively for an aggregate consideration of HK\$220 million. Reliance City and Plenty Time are beneficially interested in approximately 75.79% and 24% respectively in the entire issued voting shares of WYT Medicine. Save for their respective interests in WYT Medicine, Reliance City and Plenty Time do not carry on any business or have any outstanding liabilities or other assets. The consideration will be satisfied as to HK\$136 million by the issue of 13,600,000,000 Consideration Shares and as to HK\$84 million by the issue of the Convertible Notes. The Consideration Shares, which will be issued at HK\$0.01 per Consideration Share, represent approximately 72 times the issued share capital of Dailywin and approximately 98.6% of the issued share capital of Dailywin as enlarged by the issue of the Consideration Shares.

The Consideration Shares and the Convertible Notes will be issued to Wang On and Town Health (or their nominees) in accordance with the approximate proportions of their respective indirect interests in WYT Medicine to be sold to Dailywin as follows:

	No. of Consideration Shares	% of Consideration Shares	Amount of Convertible Notes HK\$	% of Convertible Notes
Wang On	10,308,888,666	75.8%	64,000,000	76.2%
Town Health	3,291,111,334	24.2%	20,000,000	23.8%
Total	13,600,000,000	100.0%	84,000,000	100.0%

The 10,308,888,666 Consideration Shares to be issued to Wang On (or its nominee) in connection with the Wang On Disposal represent approximately 54 times the issued share capital of Dailywin and approximately 74.76% of the issued share capital of Dailywin as enlarged by

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the issue of the Consideration Shares. The 3,291,111,334 Consideration Shares to be issued to Town Health (or its nominee) in connection with the Town Health Disposal represent approximately 17 times the issued share capital of Dailywin and approximately 23.86% of the issued share capital of Dailywin as enlarged by the issue of the Consideration Shares.

The consideration was arrived at after arm's length negotiations between all parties to the Acquisition Agreement by reference to the following:

- * the historical net profits of the WYT Group. For the year ended 31st December, 1999 and the fifteen months ended 31st March, 2001, the WYT Group recorded an audited profit attributable to shareholders of approximately HK\$9,136,000 and HK\$12,413,000 respectively;
- * the expected future growth potential of the WYT Group after taking into account the WYT Group's well-known and established brand name of "Wai Yuen Tong", the established distribution and retailing network of the WYT Group and the increased popularity of traditional Chinese medicines and herbs.

The Consideration Shares to be issued to Wang On and Town Health will upon issue rank pari passu in all respects with all other Dailywin Shares in issue at that time.

Based on the closing price of HK\$0.163 per Dailywin Share as quoted on the Stock Exchange on 15th May, 2002, the aggregate value of the Consideration Shares and the Conversion Shares to be issued under the Convertible Notes is HK\$3,586 million (being HK\$0.163 x (13,600 million Consideration Shares + 8,400 million Conversion Shares)).

Issue price and conversion price

The issue price per Consideration Share and the initial conversion price per Conversion Share is HK\$0.01 which represents:

- * a discount of approximately 93.87% to the closing price of HK\$0.163 per Dailywin Share as quoted on the Stock Exchange on 15th May, 2002, being the last trading day prior to suspension of trading in the Dailywin Shares on the Stock Exchange pending the issue of this announcement;
- * a discount of approximately 93.51% to the average closing price of HK\$0.154 per Dailywin Share for the 10 trading days up to and including 15th May, 2002; and

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- * a discount of approximately 92.37% to the average closing price of HK\$0.131 per Dailywin Share for the 30 trading days up to and including 15th May, 2002.

As of 30th September, 2001, the unaudited consolidated net liabilities of Dailywin were approximately HK\$28.75 million, equivalent to a net deficit of approximately HK\$0.1514 per Dailywin Share.

Principal terms of the Convertible Notes

- Issuer : Dailywin
- Principal amount : HK\$84 million in aggregate will be issued to Wang On and Town Health (or their respective nominees)
- Maturity date : the date falling on the last day of a period of 3 years from the Issue Date
- Interest : 3.8% per annum, payable semi-annually in arrears
- Conversion : The conversion price will be HK\$0.01 per Dailywin Share, subject to adjustments, and was agreed after arm's length negotiations. Subject to the terms of the Convertible Notes, holders of the Convertible Notes have the rights to convert the whole or any part representing HK\$500,000 or an integral multiple thereof of the outstanding principal amount of the Convertible Notes into Conversion Shares at any time from the Issue Date and prior to the maturity date of the Convertible Notes.
- Redemption : Dailywin may at any time after the Issue Date and before the maturity date, by giving written notice to the holders of the Convertible Notes, redeem all or part of the outstanding principal amount of the Convertible Notes (in an integral multiple of HK\$500,000), without penalty, on a pro rata basis, to the holders of the Convertible Notes.
- Conversion Shares : The Conversion Shares will rank pari passu in all respects with the Dailywin Shares in issue on the date on which notice of conversion is served by the holders of the Convertible Notes upon exercise of the conversion rights. Based on the initial conversion price of HK\$0.01 per Dailywin Share, 8,400,000,000 Conversion Shares, representing approximately 44 times the existing issued Dailywin Shares, approximately 60.9% of the issued share capital of Dailywin as enlarged by the issue of the Consideration Shares and approximately 37.9% of the issued share capital of Dailywin as enlarged by the issue of the Consideration Shares and the Conversion Shares, will be issued upon full conversion of the Convertible Notes.
- Voting rights : The holders of the Convertible Notes will not be entitled to attend or vote at any general meeting of Dailywin by reason only of them being the holders of the Convertible Notes.
- Transferability : Subject to all applicable laws and regulations, the Convertible Notes are freely transferable and may be transferred in its entirety or in parts representing a principal amount of HK\$500,000 or an integral multiple thereof. (In the event that Dailywin is aware of any transfer of the Convertible Notes to any of its connected persons (as defined under the Listing Rules), it will notify the Stock Exchange details of such transfers as soon as possible.)
- Events of default : Events of default include, among certain events which are common for transactions of a similar type, the cessation of the listing of the Dailywin Shares on the Stock Exchange or a recognized stock exchange for a

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Listing : continuous period of 14 Business Days due to the default of Dailywin.
: No listing of the Convertible Notes will be sought on the Stock Exchange or any other stock exchanges.

Guaranteed Profit

Each of Wang On and Town Health has agreed to severally warrant, guarantee and undertake to Dailywin that the 2003 WYT Audited Profit shall not be less than HK\$18 million, representing the Guaranteed Profit.

In the event that the 2003 WYT Audited Profit is less than the Guaranteed Profit, Wang On and Town Health will pay to Dailywin a cash sum to be determined as follows:

in respect of Wang On:

$(\text{HK\$18 million} - \text{2003 WYT Audited Profit}) \times 12.248 \times 75.79\%/99.79\%$

in respect of Town Health:

$(\text{HK\$18 million} - \text{2003 WYT Audited Profit}) \times 12.248 \times 24.00\%/99.79\%$

In the event that the 2003 WYT Audited Profit is a negative figure, Dailywin is entitled to receive a cash sum up to a maximum amount of HK\$220 million (being the total consideration for the Acquisition).

In the event that Wang On and Town Health are required to pay to Dailywin the cash sums as calculated above, such liability will first be set-off against the principal amount then outstanding under the Convertible Notes held by them and any balance of such liability remaining after such set-off shall be paid by Wang On and Town Health in cash.

Dailywin, Wang On and Town Health will make an announcement if the Guaranteed Profit has not been met as soon as practicable after the audited account of WYT Medicine for the year ending 31st March, 2003 is available. Dailywin, Wang On and Town Health will disclose in their respective annual reports for the year ending 31st March, 2003 the following: (i) whether the Guaranteed Profit has been met; (ii) details of the shortfall (if any); and (iii) whether each of Wang On and Town Health has paid its respective portion of any shortfall of the 2003 WYT Audited Profit to the Guaranteed Profit. Dailywin will also include the opinions of its independent non-executive directors on whether Wang On and Town Health have fulfilled their respective obligations in their respective annual reports for the year ending 31st March, 2003.

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The Guaranteed Profit is deemed to constitute a profit forecast of the WYT Group for the purpose of the Takeovers Code. Accordingly, the Guaranteed Profit is required to be reported on by the auditors of and the financial advisers to Dailywin in accordance with the requirements of Rule 10 of the Takeovers Code.

The financial advisers to and the auditors of Dailywin have not yet reported on the Guaranteed Profit under Rule 10 of the Takeovers Code. The Executive has agreed to grant consent to Dailywin to waive the requirements under Rule 10.4 of the Takeovers Code for the purpose of this announcement.

Shareholders of Dailywin should note that, before they have an opportunity to review the reports from the financial advisers to and the auditors of Dailywin and Dailywin has complied in full with the requirements of Rule 10 of the Takeovers Code, they should not rely on the Guaranteed Profit as a forecast of the profits of the WYT Group which are purely estimates of the parties to the Acquisition Agreement. Dailywin has undertaken to procure the reports of the financial advisers and auditors on the Guaranteed Profit to be included in the circular to be sent to the shareholders of Dailywin in relation to the Acquisition and the Whitewash Waiver. If the financial advisers to and the auditors of Dailywin are unable to report on the Guaranteed Profit, information on the reasons will also be included in the abovementioned circular.

Conditions precedent

Completion of the Acquisition is subject to, among other things, the following conditions being fulfilled:

- (a) the Independent Shareholders of Dailywin in the SGM approving by poll the Acquisition Agreement, the issue of the Consideration Shares, the Convertible Notes and the Conversion Shares, the Whitewash Waiver and other transactions contemplated in or incidental to the Acquisition Agreement in accordance with the Listing Rules and the Takeovers Code;
- (b) the shareholders of Dailywin in the SGM approving the Increase in Authorised Share Capital;
- (c) the shareholders of Wang On in general meeting approving the Wang On Disposal;
- (d) the shareholders of Town Health in general meeting approving the Town Health Disposal;

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- (e) the Executive granting the Whitewash Waiver;
- (f) if so required, the Bermuda Monetary Authority having granted its permission for the issue of the Consideration Shares, the Conversion Shares and the Convertible Notes, and the free transferability of the Consideration Shares and the Conversion Shares; and
- (g) the Stock Exchange having granted listing of and permission to deal in the Consideration Shares and the Conversion Shares.

In the event that any of the above conditions has not been fulfilled on or before 31st August, 2002 (or such later dates as may be agreed between the parties), Dailywin, Wang On and Town Health shall not be bound to proceed with the Acquisition and the Acquisition Agreement shall cease to be of any effect save in respect of claims arising out of any antecedent breach of the Acquisition Agreement. A separate announcement will be made if the Acquisition Agreement lapses by reason of the non-fulfillment of the conditions.

Pursuant to the Acquisition Agreement, condition (e) stated above cannot be waived. If all of the conditions are fulfilled by the above date other than condition (d) as stated above, the Wang On Disposal will proceed but not the Town Health Disposal.

Completion

Completion of the Acquisition or the Wang On Disposal (as the case may be) shall take place on the seventh Business Day after the fulfillment of the conditions, or such other date as the relevant parties may agree in writing prior to completion.

Subject to the conditions stated above, the Acquisition Agreement provides that (i) completion of the Wang On Disposal, being part of the Acquisition, will take place if approval from shareholders has been obtained by Wang On even where the condition as to the approval of the shareholders of Town Health is not fulfilled and the Town Health Disposal cannot proceed; and (ii) the Acquisition (including the Town Health Disposal) will not proceed if Wang On fails to obtain the necessary approval from its shareholders at the special general meeting of Wang On in relation to the Wang On Disposal. In the event that the Town Health Disposal does not proceed, Town Health will continue to hold its indirect interest in WYT Medicine through Plenty Time.

The board of directors of Dailywin is currently made up of 6 directors, comprising 3 executive directors and 3 independent non-executive directors. The board of directors of Dailywin has no present intention to change the composition of the board. Further announcement will be made by Dailywin as and when there is a change in the composition of the board of directors of Dailywin.

INFORMATION ON RELIANCE CITY AND PLENTY TIME

Reliance City, an indirect wholly-owned subsidiary of Wang On, is an investment holding company. The sole asset of Reliance City is the holding of 16,474,363 ordinary shares in WYT Medicine, representing approximately 75.79% of the entire issued voting share capital of WYT Medicine, and 1,316,725 non-voting deferred shares in WYT Medicine. Save for its interest in WYT Medicine, Reliance City does not carry on any business or have any outstanding liabilities or other assets.

Plenty Time, an indirect wholly-owned subsidiary of Town Health, is an investment holding company. The sole asset of Plenty Time is the holding of 5,216,970 ordinary shares in WYT Medicine, representing 24% of the entire issued voting share capital of WYT Medicine, and 416,970 non-voting deferred shares in WYT Medicine. Save for its interest in WYT Medicine, Plenty Time does not carry on any business or have any outstanding liabilities or other assets.

INFORMATION ON THE WYT GROUP

The incorporation of the first company within the WYT Group dated back to 28th March, 1980 when WYT Medicine was incorporated in Hong Kong. However, the directors of Dailywin, Wang On and Town Health believe that the "Wai Yuen Tong" brand name has a history of over 100 years.

The WYT Group is principally engaged in the business of manufacturing, processing and retailing of traditional Chinese medicine which includes Chinese medicinal products sold under its own brand name "Wai Yuen Tong" and a range of products manufactured by selected medicinal materials with traditional prescription. The WYT Group also retails other herbs and medicinal products and operates a number of traditional Chinese medicine consultation centers.

The audited combined results of the WYT Group for the year ended 31st December, 1999 and the fifteen months ended 31st March, 2001 are set out as follows:

	Year ended Fifteen months ended	
	31st December, 1999	31st March, 2001
		<i>Note</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	33,909	39,391
Profit before taxation	10,947	14,436
Profit attributable to shareholders	9,136	12,413

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Note: As a result of Wang On becoming its controlling shareholder in February 2001, WYT Medicine changed its financial year-end date from 31st December to 31st March in February 2001, in order to be consistent with the financial year-end date of Wang On.

The audited combined net tangible assets of the WYT Group as at 31st March, 2001 was approximately HK\$31,684,000.

Immediately prior to the Acquisition, WYT Medicine was owned as to approximately 75.79% by Reliance City, as to 24% by Plenty Time and as to approximately 0.21% by the Other Shareholders. Wang On, through its wholly-owned subsidiary, Royal Focus Limited, acquired an approximately 99.79% equity interest in WYT Medicine in February 2001 at a consideration of approximately HK\$127 million and subsequently disposed of a 24% interest in WYT Medicine to Plenty Time in March 2001 at a consideration of approximately HK\$30 million. Royal Focus Limited transferred its entire shareholding in WYT Medicine to Reliance City on 22nd May, 2002. The Option Deeds entered into by Royal Focus Limited at the time of its original acquisition of an approximately 99.79% interest in WYT Medicine were cancelled immediately before the execution of the Acquisition Agreement. No additional consideration will be payable by Royal Focus Limited, Bio-Project Limited or the other party to the Option Deeds, in connection with the cancellation of the Option Deeds other than the mutual release of each other's obligations. After completion of the Acquisition, Dailywin will have an approximately 99.79% interest in WYT Medicine. The remaining 0.21% interest in the issued share capital of WYT Medicine is held by the Other Shareholders and will not be acquired by Dailywin under the Acquisition Agreement.

The management of Wang On has been involved in the operation of WYT Medicine for over a year. Moreover, the directors of Dailywin have confirmed that they have no present intention to change the existing management team in WYT Medicine. Based on the above, the directors of Dailywin are of the view that, by leveraging Wang On's experience and with the proven ability of the existing management of WYT Medicine, Dailywin will be able to manage the operation of the WYT Group. The board of directors of Dailywin is currently made up of six directors, comprising three executive directors and three independent non-executive directors. Two out of the three executive directors of Dailywin, namely Mr. Tang and Mr. Chan, are nominated by and are also directors of Wang On. Both Mr. Tang and Mr. Chan have been participating in the operation and management of the WYT Group after Wang On acquired the controlling interest in February 2001.

Wang On, a substantial shareholder of Dailywin, is interested in approximately 20.27% of the total issued Dailywin Shares. Town Health (through its wholly-owned subsidiary, Plenty Time) is a substantial shareholder of WYT Medicine having a 24% beneficial interest in it. WYT

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Medicine is an indirect subsidiary of Wang On. Accordingly, Town Health is a connected person of Wang On pursuant to the Listing Rules. Each of the Other Shareholders is independent of and not connected with the directors, chief executive and substantial shareholders of Dailywin or its subsidiaries or any of their respective associates (as defined in the Listing Rules).

LISTING RULES IMPLICATIONS OF THE ACQUISITION

The Acquisition constitutes a major transaction for Dailywin under the Listing Rules. Since Wang On is a substantial shareholder of Dailywin having an indirect interest of approximately 20.27% in Dailywin, the Acquisition also constitutes a connected transaction for Dailywin. As such, the Acquisition (including the issue of the Consideration Shares and the issue of the Convertible Notes) is subject to the approval of the Independent Shareholders. Wang On and its associates will abstain from voting on the resolution to be proposed at the SGM to approve the transactions contemplated under the Acquisition Agreement.

Under the Listing Rules, the sale by Wang On of the entire issued share capital of Reliance City to Dailywin, being part of the Acquisition, constitutes a major transaction for Wang On and is subject to the approval of the shareholders of Wang On at a special general meeting of Wang On to be convened for such purpose. No shareholders of Wang On has a material interest in the Wang On Disposal and as such none of them will be required to abstain from voting.

Under the GEM Listing Rules, the disposal of the issued share capital of Plenty Time to Dailywin by Town Health constitutes a major transaction for Town Health and is subject to the approval of the shareholders of Town Health at an extraordinary general meeting of Town Health to be convened for such purpose. None of the shareholders of Town Health is interested in the Town Health Disposal and, as such, none of them will be required to abstain from voting at the extraordinary general meeting of Town Health.

REASONS FOR THE ACQUISITION BY DAILYWIN

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 audited net losses of approximately HK\$6,925,000 and approximately HK\$31,491,000 respectively. The Dailywin Group further recorded an unaudited

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net loss after taxation of approximately HK\$15,479,000 for the six months ended 30th September, 2001.

In order to operate under the current depressed market conditions and to turnaround the difficulties presently faced by the Dailywin Group, the Dailywin Group intends to seek to enhance its collective bargaining power and negotiate with suppliers in order to achieve savings in components' costs. It is the intention of the directors of Dailywin to continue the operation of the existing watch and bag businesses and to maintain it as one of the Dailywin Group's principal businesses. Apart from continuing with its existing business and with a view to strengthening its financial condition, the Dailywin Group has been exploring new business opportunities which will generate revenue and cash flow stream to the Dailywin Group.

Given that "Wai Yuen Tong" is a well-known and long established brand name of Chinese medicinal products in Hong Kong having a history of over 100 years, the established distribution and retailing network of the WYT Group and the increasing popularity of traditional Chinese medicines and herbs, the directors of Dailywin are of the view that the growth prospects of the WYT Group are promising. Moreover, the directors of Dailywin consider that the Acquisition represents a good business opportunity for the Dailywin Group as it will bring additional cash flows and earnings to the Dailywin Group. The WYT Group has an operating history of over 20 years and it has recorded profits for the past eight years. The audited results of the WYT Group for the year ended 31st March, 2002 will be incorporated in the circular in respect of the Acquisition to be despatched to the shareholders of Dailywin. Pursuant to the Acquisition Agreement, Wang On and Town Health have severally guaranteed that the 2003 WYT Audited Profit will be not less than HK\$18 million.

The consideration for the Acquisition will be satisfied in full by the issue of the Consideration Shares and the Convertible Notes and there is no immediate cash payment to be made by the Dailywin Group. As such, the Acquisition will not affect the existing plans of the Dailywin Group in relation to its existing watch and bag businesses.

After taking into account the following factors as a whole, the directors of Dailywin consider that the issue price of the Consideration Shares and the initial conversion price under the Convertible Notes of HK\$0.01 per Dailywin Share (which represents a discount of approximately 93.87% to the closing price of HK\$0.163 per Dailywin Share as quoted on the Stock Exchange on 15th May, 2002, being the last trading day prior to suspension of trading in the Dailywin Shares on the Stock Exchange pending the issue of this announcement) is fair and reasonable:

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- * as of 30th September, 2001, the unaudited consolidated net liabilities of Dailywin were approximately HK\$28.75 million (equivalent to a net deficit of approximately HK\$0.1514 per Dailywin Share);
- * the Dailywin Group has been recording losses for the past two financial years and interim results up to 30th September, 2001; and
- * as at 30th September, 2001, the Dailywin Group's interest bearing debt amounted to over HK\$70 million.

REASONS FOR THE DISPOSAL OF THE ENTIRE INTEREST IN RELIANCE CITY BY WANG ON

The Wang On Group is principally engaged in the commercial management of Chinese wet markets, shopping centers, car parks, manufacturing and sale of Chinese medicine, herbs and other medicinal products and property investment. The directors of Wang On intend that the business focus of Wang On after the Wang On Disposal will not change.

Royal Focus Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Wang On, acquired an approximate 99.79% equity interest in WYT Medicine in February 2001 for a cash consideration of approximately HK\$127 million. Details of such transaction, which was a major transaction for Wang On under the Listing Rules, were disclosed in Wang On's circular dated 8th February, 2001 to its shareholders. In March 2001, Royal Focus Limited disposed of a 24% equity interest in WYT Medicine to Plenty Time for a cash consideration of approximately HK\$30 million. After the aforesaid transactions, Royal Focus Limited held an approximately 75.79% equity interest in WYT Medicine. As the directors of Wang On consider it is more convenient for the sale by Wang On of its interests in WYT Medicine to be structured as the sale of the issued share capital of a British Virgin Islands company, the Wang On Group conducted a group restructuring exercise prior to the Acquisition such that Royal Focus Limited transferred its entire equity interest in WYT Medicine to Reliance City on 22nd May, 2002.

As disclosed in the section headed "Reasons for the New Loan" below, the principal amount of Existing Loans advanced to Dailywin by the Wang On Group, which are all repayable by Dailywin in 2002 or 2003, amounts to HK\$64,850,000. For the two years ended 31st March, 2001, the Dailywin Group recorded 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 after taxation of approximately HK\$15,479,000 for the six months ended 30th September, 2001. As at 30th September, 2001, the unaudited consolidated net liabilities of Dailywin was approximately HK\$28.75 million. In view of the difficulties presently

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faced by the Dailywin Group and the financial exposure of the Wang On Group to the Dailywin Group through the Existing Loans, the directors of Wang On consider it is essential for the Wang On Group to assist the Dailywin Group to improve its financial performance so that it can repay its indebtedness to the Wang On Group.

Taking into account the growth prospects of the WYT Group, the directors of Wang On are of the view that the Wang On Disposal should be able to bring additional cash flows and earnings to the Dailywin Group, thereby improving its financial position. After completion of the Wang On Disposal and assuming full conversion of the Convertible Notes at a conversion price of HK\$0.01 per Dailywin Share, the Wang On Group will be interested in 16,747,388,666 Dailywin Shares which represent approximately 75.47% of the issued share capital of Dailywin as enlarged by the issue of the Consideration Shares and the Conversion Shares. Accordingly, the Wang On Group will, through its shareholding in Dailywin, continue to enjoy the benefit generated from any future growth of the WYT Group after completion of the Wang On Disposal. In view of the above, the directors of Wang On consider the terms of the Wang On Disposal to be fair and reasonable and in the interests of the shareholders of Wang On as a whole.

The directors of Wang On expect that a gain on disposal of WYT Medicine will arise after completion of the Wang On Disposal. In this regard, Wang On has consulted with its auditors which have advised that the actual amount of gain on disposal of WYT Medicine will depend on, among other things, (i) the net asset value of WYT Medicine Group as at the date of completion of the Wang On Disposal; (ii) the actual number and value of Dailywin Shares being placed down by the Wang On Group after completion of the Wang On Disposal; and (iii) whether the Dailywin Group will become a subsidiary or an associated company of Wang On after the placing down of the Dailywin Shares held by Wang On intended to take place after completion of the Wang On Disposal. As such, it is impracticable for the directors of Wang On to estimate the gain on disposal at the present stage.

REASONS FOR THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN PLENTY TIME BY TOWN HEALTH

Town Health, through its subsidiaries, is principally engaged in the provision of management services for private medical and dental practices and is an integrated healthcare service provider for the general public in Hong Kong.

The entire asset of Plenty Time is its 24% equity interest in WYT Medicine, which was acquired by it in March 2001 at a consideration of approximately HK\$30 million. The particulars of such transaction were disclosed in Town Health's circular dated 18th April, 2001 to its shareholders. Based on the investment cost and the consideration to be received, the expected gain on disposal

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of this investment amounts to approximately HK\$23 million. The directors of Town Health believe that the Town Health Disposal represents a good opportunity to realize a gain on its investment in WYT Medicine.

Assuming full conversion of the Convertible Notes at a conversion price of HK\$0.01 per Dailywin Share, Town Health will own an aggregate of 5,291,111,334 Dailywin Shares which represent approximately 23.85% of the issued share capital of Dailywin as enlarged by the issue of the Consideration Shares and the Conversion Shares. Town Health can therefore still indirectly participate in the business of WYT Medicine, an approximately 99.79% subsidiary of Dailywin upon completion of the Acquisition Agreement. The directors of Town Health therefore consider that the disposal of its existing interest in WYT Medicine (held directly by Plenty Time) in exchange for, among other things, the shares of Dailywin, which will in turn own a majority interest in WYT Medicine, is in line with Town Health's business objectives as referred to in Town Health's prospectus dated 9th October, 2000. In addition, in view of the consideration of HK\$220 million and Dailywin's current financial position as mentioned above, the directors of Town Health accept that Dailywin would have to satisfy part of the total consideration in form of Dailywin Shares and part in form of Convertible Notes. While the former are marketable securities listed on the Stock Exchange, the latter are debt instruments constituting Dailywin's repayment obligations and, at Town Health's option, can be converted into listed marketable securities. The directors of Town Health are of the view that it is a commercially sensible arrangement to dispose of Town Health's illiquid unlisted investment in a non-controlling equity stake in WYT Medicine in exchange for marketable Dailywin Shares and Convertible Notes, which are convertible into Dailywin Shares.

At present, Town Health has no intention to dispose of any Dailywin Shares except for the possible placing down of Dailywin Shares as referred to under the paragraph headed "Maintenance of the listing status of Dailywin" under the section headed "Shareholding structure" below. The directors of Town Health will keep monitoring the investment in Dailywin Shares and the Convertible Notes and may adjust the investment strategy to the best interest of Town Health and its shareholders. The directors of Town Health have no present intention to appoint any director to Dailywin and consider that the expertise of Town Health is in managing healthcare related business and it will be more cost effective in terms of resources allocation for Town Health to continue to participate directly in the management of WYT Medicine.

In view of the above, the directors of Town Health consider that the terms and conditions of the Town Health Disposal (including the direct participation in the management of WYT Medicine instead of appointing any director to Dailywin) are fair and reasonable and in the interests of Town Health and its shareholders as a whole.

SHAREHOLDING STRUCTURE

Immediately upon completion of both the Wang On Disposal and the Town Health Disposal and assuming full conversion of the Convertible Notes at a conversion price of HK\$0.01 per Dailywin Share, the shareholding structure of Dailywin shall be as follows:

	Notes	Existing Shareholding		Immediately after the completion of the Acquisition		Upon full conversion of the Convertible Notes	
		No. of Dailywin Shares held	%	No. of Dailywin Shares held	%	No. of Dailywin Shares held	%
Rich Time	1	38,500,000	20.27	38,500,000	0.28	38,500,000	0.17
Rich Time	2	-	-	10,308,888,666	74.76	16,708,888,666	75.30
		38,500,000	20.27	10,347,388,666	75.04	16,747,388,666	75.47
Town Health	3	-	-	3,291,111,334	23.86	5,291,111,334	23.85
Public		151,419,864	79.73	151,419,864	1.10	151,419,864	0.68
		189,919,864	100.00	13,789,919,864	100.00	22,189,919,864	100.00

Immediately upon completion of the Wang On Disposal (but assuming that the Town Health Disposal cannot proceed) and assuming full conversion of the Convertible Notes at a conversion price of HK\$0.01 per Dailywin Share, the shareholding structure of Dailywin shall be as follows:

	Notes	Existing Shareholding		Immediately after the completion of the Wang On Disposal		Upon full conversion of the Convertible Notes	
		No. of Dailywin Shares held	%	No. of Dailywin Shares held	%	No. of Dailywin Shares held	%
Rich Time	1	38,500,000	20.27	38,500,000	0.37	38,500,000	0.23
Rich Time	2	-	-	10,308,888,666	98.19	16,708,888,666	98.87
		38,500,000	20.27	10,347,388,666	98.56	16,747,388,666	99.10
Public		151,419,864	79.73	151,419,864	1.44	151,419,864	0.90
		189,919,864	100.00	10,498,808,530	100.00	16,898,808,530	100.00

Notes:

- 1. Represents the Dailywin Shares held by Rich Time, a wholly-owned subsidiary of Wang On, as at the date of this announcement*

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2. *Represents the Consideration Shares and the Conversion Shares to be issued to Rich Time, as nominee of Wang On*
3. *Represents the Consideration Shares and the Conversion Shares to be issued to Town Health or its nominee*

Maintenance of the listing status of Dailywin

It is the intention of Wang On and Town Health to maintain the listing status of Dailywin after the Acquisition. At present, the respective directors of Wang On and Town Health have not yet decided the amount and their respective portions of Dailywin Shares to be placed down. However, Dailywin, Wang On and Town Health (Town Health's undertaking will only apply in case the Town Health Disposal having completed pursuant to the Acquisition Agreement) have undertaken to the Stock Exchange that they will take appropriate steps, including the appointment of placing agents to place down their respective shareholding interests in Dailywin, to ensure that not less than 25% of the Dailywin Shares will be held by the public within 30 days of the completion of the Acquisition in compliance with the minimum public float requirement of the Listing Rules. The directors of Wang On currently intend that subject to the market conditions prevailing at the time the proposed placing down takes place, the Wang On Group will reduce its shareholding interest in Dailywin to less than 50%.

The Stock Exchange has stated that, if less than 25% of the issued Dailywin Shares are in public hands following the completion of the Acquisition Agreement, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Dailywin Shares or there are insufficient Dailywin Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealing in the Dailywin Shares.

WHITEWASH WAIVER

As at the date of this announcement, Wang On, through Rich Time, has an interest of approximately 20.27% in Dailywin. The aggregate shareholding of Wang On and Town Health and parties acting in concert with them in Dailywin immediately after the completion of the Acquisition and upon full conversion of the Convertible Notes will increase from approximately 20.27% to approximately 99.32%. Accordingly, unless the Whitewash Waiver is granted, Wang On and Town Health and parties acting in concert with them would incur an obligation, upon completion of the Acquisition, to make a mandatory general offer for all the issued Dailywin Shares and the outstanding convertible bonds and share options of Dailywin not already owned or acquired by Wang On and Town Health and parties acting in concert with them as a result of the issue of the Consideration Shares and the issue of the Conversion Shares upon the full

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conversion of the Convertible Notes under Rule 26 of the Takeovers Code. An application will be made to the Executive for the granting of the Whitewash Waiver as soon as possible.

The Executive may or may not grant the Whitewash Waiver. Completion of the Acquisition Agreement is conditional upon, inter alia, the granting of the Whitewash Waiver by the Executive. If the Whitewash Waiver is not obtained, the Acquisition Agreement will lapse.

The Whitewash Waiver, if granted by the Executive, would be subject to the approval of the Independent Shareholders who are not interested in or involved in the Acquisition at the SGM by way of a poll. Wang On and Town Health and their respective associates will abstain from voting on the resolution to be proposed at the SGM to approve the Whitewash Waiver. Wang On and Town Health and parties acting in concert with them have confirmed that they have not acquired any voting rights in Dailywin in the six-month period prior to the date of the Acquisition Agreement.

THE LOAN AGREEMENT DATED 22nd MAY, 2002

Parties

Borrower : Dailywin

Lender : Rich Time, a wholly-owned subsidiary of Wang On

Principal terms of the New Loan

Principal amount : HK\$64,850,000, will be unsecured, will be deemed to have been advanced to Dailywin on completion of the Wang On Disposal, subject to full payment by Dailywin to Rich Time of all interest accrued on the Existing Loans up to and including the day immediately before the date of completion of the Wang On Disposal

Maturity date : 3 years from the date of the completion of the Wang On Disposal

Interest rate : Prime plus 2% per annum, accrued on a daily basis and payable together with the entire principal amount of the New Loan on the maturity date

Prepayment : Dailywin shall be entitled by the giving of not less than 7 days' notice in writing to Rich Time to repay the whole or any part of the outstanding principal amount of the New Loan (together with accrued interest) without penalty

Condition : Deemed advancement of the New Loan by Rich Time is conditional on the completion of the Wang On Disposal and full payment by Dailywin to Rich Time of the interest accrued on each of the Existing Loans up to and including the day immediately before the date of completion of the Wang On Disposal

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Reasons for the New Loan

As at the date of this announcement, Dailywin owes to Rich Time an aggregate principal amount of HK\$64,850,000 under the Existing Loans, which are unsecured and had been advanced by Rich Time to Dailywin at different times in 2001 and 2002 and each carrying interest at Prime plus 2% per annum. The directors of Dailywin have confirmed that the Existing Loans were obtained under normal and commercial terms. The details of the Existing Loans are summarised below:

Principal amount <i>HK\$</i>	Original Repayment date	Original term
5,700,000	1st June, 2002	3 months from 1st March, 2002
21,000,000	28th February, 2003	18 months from 28th August, 2001
3,000,000	27th March, 2003	18 months from 27th September, 2001
900,000	11th June, 2003	18 months from 11th December, 2001
900,000	19th June, 2003	18 months from 19th December, 2001
500,000	29th June, 2003	18 months from 29th December, 2001
500,000	28th July, 2003	18 months from 28th January, 2002
350,000	6th August, 2003	18 months from 6th February, 2002
32,000,000	27th September, 2003	18 months from 27th March, 2002
64,850,000		

Under the Loan Agreement, the Existing Loans will be replaced by the New Loan upon completion of the Wang On Disposal, provided that all interest accrued on the Existing Loans up to that time is paid by Dailywin. The total interest incurred by Dailywin relating to the Existing Loans is approximately HK\$392,000 per month. Interest is being paid monthly and Dailywin has paid all the interest accrued on the Existing Loans to Rich Time up to 30th April, 2002 in accordance with the agreements for the granting of the Existing Loans. The Dailywin Group will, at the completion of the Wang On Disposal, pay the interest accrued up to that time by utilising its internal source of funding.

The directors of Dailywin consider that the replacing of the Existing Loans by the New Loan has the following benefits to Dailywin:

- i. the New Loan has a term of 3 years and this will strengthen the financial position of Dailywin and alleviate the pressure on Dailywin's cash flow in the short to medium term; and

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- ii. Dailywin has the right to repay the whole or any part of the New Loan without penalty and this will allow Dailywin the flexibility in fully repaying the New Loan when it thinks fit.

In view of the above, the directors of Dailywin consider the Loan Agreement contains normal and commercial terms which are fair and reasonable and in the interests of the shareholders of Dailywin as a whole.

As explained in the section headed "Reasons for the disposal of the entire interest in Reliance City by Wang On" above, the directors of Wang On consider that it is essential for the Wang On Group to assist the Dailywin Group to improve its financial performance so that it can repay its indebtedness to the Wang On Group. The directors of Wang On consider that the New Loan, which has a term of 3 years, will strengthen the financial position of Dailywin and alleviate the pressure on Dailywin's cash flow in the short to medium term, therefore enabling Dailywin to focus its internal resources on its business operations and development, and thereby enhancing its ability to improve its financial position. The carrying interest rate under the New Loan and the Existing Loans will be the same. In view of the foregoing, the directors of Wang On consider that the Loan Agreement contains normal and commercial terms which are fair and reasonable and is in the interests of the shareholders of Wang On as a whole.

Under the Listing Rules, the New Loan constitutes a connected transaction of Wang On as Dailywin will be a non wholly-owned subsidiary of Wang On immediately upon completion of the Acquisition. As the New Loan is on normal commercial terms and Town Health will be a connected person of Wang On immediately upon completion of the Acquisition by virtue only of its shareholding in Dailywin, no independent shareholders' approval is required under Rule 14.25 (2)(a) of the Listing Rules. Details of the New Loan will be included in Wang On's next published annual report.

INCREASE IN AUTHORISED SHARE CAPITAL

In order to enable the issue of the Consideration Shares and the Conversion Shares and to facilitate future expansion, Dailywin proposes to increase its authorised share capital from HK\$80,000,000 to HK\$600,000,000 by the creation of 52,000,000,000 Dailywin Shares.

The Increase in Authorised Share Capital is conditional on, among other things, the Acquisition Agreement becoming unconditional and the passing of the resolution by the shareholders of Dailywin at the SGM to approve the Increase in Authorised Share Capital.

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A circular containing (i) further details of the Acquisition Agreement and the Increase in Authorised Share Capital; (ii) the recommendations of the independent board committee of Dailywin; (iii) the advice of an independent financial adviser to the independent board committee of Dailywin in relation to the Acquisition, the issue of the Consideration Shares and the Convertible Notes and the Whitewash Waiver; and (iv) a notice convening the SGM of Dailywin will be despatched to its shareholders as soon as practicable.

Kim Eng Capital (Hong Kong) Limited has been appointed as the independent financial adviser to advise the independent board committee of Dailywin in relation to the Acquisition, the issue of the Consideration Shares and the Convertible Notes and the Whitewash Waiver.

The Wang On Disposal, being part of the Acquisition, constitutes a major transaction for Wang On under the Listing Rules and will be subject to the approval of the shareholders of Wang On at a special general meeting of Wang On to be convened for such purpose. No shareholders of Wang On has a material interest in the Wang On Disposal and as such none of them will be required to abstain from voting. A circular containing, among other things, further details of the Acquisition Agreement and a notice convening a special general meeting of Wang On for the purpose of considering and, if thought fit, approving the Wang On Disposal will be despatched to its shareholders as soon as practicable.

The Town Health Disposal, being part of the Acquisition, constitutes a major transaction for Town Health under the GEM Listing Rules and will be subject to the approval of the shareholders of Town Health at an extraordinary general meeting of Town Health to be convened for such purpose. None of the shareholders of Town Health is interested in the Town Health Disposal and as such, none of them will be required to abstain from voting at the extraordinary general meeting of Town Health. A circular containing, among other things, further details of the Acquisition Agreement and a notice convening an extraordinary general meeting of Town Health for the purpose of considering and, if thought fit, approving the Town Health Disposal will be despatched to the shareholders of Town Health as soon as practicable.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares.

SUSPENSION AND RESUMPTION OF TRADING IN THE DAILYWIN SHARES

At the request of Dailywin, trading in the Dailywin Shares on the Stock Exchange was suspended from 9:30 a.m. on 15th May, 2002 pending the issue of this announcement. An

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application has been made by Dailywin to the Stock Exchange for the resumption of trading in the Dailywin Shares on the Stock Exchange from 9:30 a.m. on 23rd May, 2002.

Since the Acquisition is subject to the fulfillment of a number of conditions, the Acquisition may or may not complete. Shareholders of and potential investors in each of Wang On, Town Health and Dailywin are advised to exercise caution when dealing in the respective securities of Wang On, Town Health and Dailywin.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"2003 WYT Audited Profit"	the audited consolidated net profit after tax of the WYT Group for the year ending 31st March, 2003
"Acquisition"	the acquisition by Dailywin of the entire issued share capital of Reliance City and Plenty Time from Wang On and Town Health respectively pursuant to the Acquisition Agreement
"Acquisition Agreement"	the agreement dated 22nd May, 2002 entered into between Dailywin, Wang On and Town Health in respect of the Acquisition
"associate(s)"	has the meaning ascribed to it under the Listing Rules and/or the GEM Listing Rules (as the case may be)
"Business Day"	a day (other than Saturday) on which banks are generally open for business in Hong Kong
"Consideration Share(s)"	10,308,888,666 and 3,291,111,334 new Dailywin Share(s) to be issued as part of the consideration for the Acquisition at the issue price of HK\$0.01 per new Dailywin Share to Wang On and Town Health (or their respective nominees) respectively
"Conversion Shares"	the new Dailywin Shares which fall to be issued by Dailywin upon exercise of the conversion rights under the Convertible Notes
"Convertible Notes"	the convertible notes having aggregate principal amounts of HK\$64 million and HK\$20 million to be issued to Wang On and Town Health (or their respective nominee) respectively by Dailywin as part of the consideration for the Acquisition
"Dailywin"	Dailywin Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
"Dailywin Group"	Dailywin and its subsidiaries
"Dailywin Share(s)"	shares of HK\$0.01 each in the capital of Dailywin
"Dr. Cho"	Dr. Cho Kwai Chee, through his approximately 90.5% interest in Origin Limited, is deemed to be interested in an approximately 21.77% shareholding interest in Town Health. Dr. Cho is the chairman and a director of Town Health
"Executive"	the Executive Director of the Corporate Finance Division of

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"Existing Loans"	the SFC or any of his delegates the various existing loans having an aggregate principal amount of HK\$64,850,000 advanced by Rich Time to Dailywin and which remain outstanding
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Guaranteed Profit"	HK\$18 million, being the amount of the audited consolidated net profit after tax of the WYT Group for the year ending 31st March, 2003 guaranteed severally by each of Wang On and Town Health in the proportions of their respective indirect interests in WYT Medicine to be sold to Dailywin pursuant to the Acquisition Agreement
"HK\$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Increase in Authorised Share Capital"	the increase in the authorised share capital of Dailywin from HK\$80,000,000 to HK\$600,000,000 by the creation of 52,000,000,000 Dailywin Shares
"Independent Shareholders"	the shareholders of Dailywin, other than Wang On, the directors of Dailywin and their respective associates and parties acting in concert with them
"Issue Date"	the date of issue of the Convertible Notes
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Agreement"	the agreement dated 22nd May, 2002 entered into between Dailywin and Rich Time in respect of the restructuring of the Existing Loans and the New Loan
"Mr. Chan"	Mr. Chan Chun Hong, Thomas, the managing director of Dailywin and an executive director of Wang On
"Mr. Tang"	Mr. Tang Ching Ho, the chairman and a director of Dailywin, who together with his associates owns approximately 19.37% shareholding interest in Wang On and who is also the chairman and a director of Wang On
"New Loan"	the 3-year term loan in the principal amount of HK\$64,850,000 to be deemed to be advanced by Rich Time to Dailywin pursuant to the Loan Agreement
"Option Deeds"	four option deeds each dated 28th February, 2001 executed by Royal Focus Limited, Bio-Project Limited and (except two of such option deeds) the sole shareholder of Bio-Project Limited in relation to the granting of certain call and put options in respect of shares in WYT Medicine, as detailed in the circular of Wang On dated 8th February, 2001
"Other Shareholders"	three individual shareholders of WYT Medicine, namely Messrs Ho Wai Gay, Poon Shu Keung and Poon Chung Wing, who are the off-springs of the founders or relatives of the founders of WYT Medicine and are independent of and not connected with the directors, chief executive and substantial shareholders of Wang On or its subsidiaries or an associate of any of them
"Plenty Time"	Plenty Time Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned indirect subsidiary of Town Health

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"PRC"	The People's Republic of China
"Prime"	the rate of interest from time to time quoted by The Hongkong and Shanghai Banking Corporation Limited as its best lending rate for Hong Kong Dollars
"Reliance City"	Reliance City Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned indirect subsidiary of Wang On
"Rich Time"	Rich Time Strategy Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Wang On. Rich Time currently owns approximately 20.27% of the issued share capital of Dailywin
"SFC"	The Securities and Futures Commission of Hong Kong
"SGM"	the special general meeting of Dailywin to be convened for approving the transactions contemplated under the Acquisition Agreement, the Whitewash Waiver and the Increase in Authorised Share Capital
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Town Health"	Town Health International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
"Town Health Disposal"	the disposal by Town Health of the entire issued share capital of Plenty Time pursuant to the Acquisition Agreement, forming part of the Acquisition
"US"	The United States of America
"Wang On"	Wang On Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
"Wang On Disposal"	the disposal by Wang On of the entire issued share capital of Reliance City pursuant to the Acquisition Agreement, forming part of the Acquisition
"Wang On Group"	Wang On and its subsidiaries
"Whitewash Waiver"	a waiver from the obligation of Wang On and Town Health and parties acting in concert with them to make a mandatory general offer for all the issued Dailywin Shares and outstanding convertible bonds and share options of Dailywin not already owned or acquired by Wang On and Town Health and parties acting in concert with them as a result of the issue of the Consideration Shares and conversion of the Convertible Notes under Rule 26 of the Takeovers Code pursuant to Note 1 of the Notes on Dispensations from Rule 26 of the Takeovers Code
"WYT Group"	WYT Medicine and its subsidiaries
"WYT Medicine"	Wai Yuen Tong Medicine Company Limited, a company incorporated in Hong Kong with limited liability

By Order of the Board
Dailywin Group Limited
Chan Chun Hong, Thomas
Managing Director

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

By Order of the Board
Town Health International
Holdings Company Limited
Siu Kam Chau
Executive Director

WANG ON GROUP LIMITED

Hong Kong, 22nd May, 2002

The directors of Dailywin jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to Wang On and Town Health) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those relating to Wang On and Town Health), the omission of which would make any statement in this announcement misleading.

The directors of Wang On jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to Dailywin and Town Health) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those relating to Dailywin and Town Health), the omission of which would make any statement in this announcement misleading.

This announcement (other than those relating to Dailywin and Wang On), for which the directors of Town Health collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to Town Health. The directors of Town Health having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement (other than those relating to Dailywin and Wang On) is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement (other than those relating to Dailywin and Wang On) misleading; and (3) all opinions expressed in this announcement (other than those relating to Dailywin and Wang On) have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the website of Town Health at <http://www.townhealth.com>.

Please also refer to the published version of this announcement in the Hong Kong iMail Post dated 23/5/2002