

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



HI SUN GROUP LIMITED

高陽集團有限公司*

(incorporated in Bermuda with limited liability)

SUBSCRIPTION FOR NEW SHARES

On 9th July, 2002, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber agreed to subscribe, on a conditional basis, the Subscription Shares at a price of HK\$0.82 per Subscription Share, subject to, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

Prior to the date of this announcement, none of the Subscriber and any of its associates owns any Shares or is interested in any Shares other than the Subscription Shares to be subscribed pursuant to the Subscription Agreement. The Subscription Shares amount to approximately 9.90% of the existing issued share capital of the Company as at the date of this announcement, and approximately 9.01% of the issued share capital of the Company as enlarged by the Subscription.

The net proceeds to be raised by the Company upon completion of the Subscription are estimated to be approximately HK\$16,000,000. No specific investment has been identified by the Company at this stage for the utilisation of the net proceeds of the Subscription and as such, the net proceeds will be used as general working capital of the Company.

THE SUBSCRIPTION AGREEMENT

Date

9th July, 2002

Parties

Issuer : the Company ; and

Subscriber : Pacific Pilot Limited, being the Subscriber, an Independent Third Party.

Prior to the date of this announcement, none of the Subscriber and any of its associates owns any Shares or is interested in any Shares other than the Subscription Shares to be subscribed pursuant to the Subscription Agreement.

Subscription Shares to be subscribed for

The Subscription Shares amount to approximately 9.90% of the existing issued share capital of the Company as at the date of this announcement, and approximately 9.01% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price

The Subscription Price represents (i) a premium of approximately 0.37% to the average closing price of approximately HK\$0.817 per Share over the 10 trading days up to and including 9th July 2002 (being the last trading day prior to the release of this announcement) and (ii) a discount of approximately 11.83% to the closing price of HK\$0.93 per Share as quoted on the Stock Exchange on 9th July 2002 (being the last trading day prior to the release of this announcement).

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber and the Directors consider that the Subscription Price is fair and reasonable so far as the Company is concerned.

Conditions for completion of the Subscription

Completion of the Subscription Agreement is conditional upon (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares; and (ii) the representations, warranties and undertakings given by the Subscriber and the Company respectively pursuant to the Subscription Agreement remaining true, accurate and not misleading in a material respect as of the date of completion of the Subscription Agreement.

In the event that the above conditions are not fulfilled on or before 19th July, 2002 or such later date as may be agreed between the Subscriber and the Company, the Subscription Agreement will lapse and become null and void and the parties thereto will be released from all obligations thereunder and neither parties thereto will have any claim against the other for costs, damages, compensation or otherwise in respect of the Subscription, save for the liabilities for any antecedent breaches of the Subscription Agreement.

Date of Completion of the Subscription

Completion of the Subscription is expected to take place on the next Business Day after the fulfillment of all conditions listed above, or such later date as may be agreed between the Company and the Subscriber.

Undertaking

The Subscriber has undertaken with the Company not to mortgage, charge or encumber any of the Subscription Shares without prior written approval from the Directors.

Change of Shareholding as a result of the Subscription

The shareholding of the Company immediately before and after the Subscription are approximately as follows:

	Shareholding (immediately before completion of the Subscription Agreement)		Shareholding immediately after completion of the Subscription Agreement (Note)	
	Number of Shares	%	Number of Shares	%
Subscriber	0	0	20,000,000	9.01
Rich Global Limited	126,180,606	62.45	126,180,606	56.83
Public	<u>75,855,414</u>	<u>37.55</u>	<u>75,855,414</u>	<u>34.16</u>
Total:	<u>202,036,020</u>	<u>100</u>	<u>222,036,020</u>	<u>100</u>

Note: Assuming that there will be no further issue of Shares (whether by way of placing or otherwise) and repurchase of Shares by the Company during the period between the date of this announcement and the date of completion of the Subscription Agreement

Principal activities of the Group

Following the completion of acquisition of Hi Sun Technology Group as detailed below, the principal business activities of the Group have been extended to include the provision of information technology solutions and consultancy services, in addition to its existing business in design, supply and installation of curtain wall systems and aluminium windows. Following the scheme of arrangement as detailed in the circular of the Company published on 9th August, 2001 and completed on 17th October, 2001, the Directors have performed a preliminary review on the business of the Group and have recognized the needs to diversity and expand the business of the Group. As part of the diversification strategy, Hi Sun Consulting Limited has been established by the Company in late 2001 to provide management and financial consulting services in the PRC market and the Company has on 28th February, 2002 completed its acquisition of Hi Sun Technology Group which is principally engaged in the provision of customized information system consultancy and information technology solutions for its customers in the banking, insurance and telecommunications industries in Hong Kong and the PRC.

Mandate to issue Subscription Shares

The Subscription Shares will be issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company for the year ended 31st December, 2001 held on 23rd May, 2002, which is unused and is sufficient for the issue of the Subscription Shares pursuant to the Subscription.

Ranking of the Subscription Shares

The Subscription Shares, when issued, will rank pari passu in all respects with the Shares in issue at the time of issue and allotment of the Subscription Shares.

Reasons for the Subscription

The Directors believe that the Subscription will broaden the capital base and shareholder base of the Company and provide additional working capital for the Company to develop its existing and future businesses.

Use of Proceeds

The net proceeds to be raised by the Company upon completion of the Subscription Agreement are estimated to be approximately HK\$16,000,000. No specific investment has been identified by the Company at this stage for the utilisation of the net proceeds of the Subscription and as such, the net proceeds will be used as general working capital of the Company.

Application for Listing

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued under the Subscription.

Definitions

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

“associates”	having the meaning ascribed thereto under the Listing Rules
“Business Day”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong
“Company”	Hi Sun Group Limited, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hi Sun Technology Group”	Hi Sun Technology Holding Limited and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	an independent third party and both itself and its ultimate beneficial owners are not connected with any of the Directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China

“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Pacific Pilot Limited, a company incorporated with limited liability in British Virgin Islands
“Subscription”	the subscription of the Subscription Shares under the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 9th July, 2002 between the Company and the Subscriber regarding the Subscription
“Subscription Price”	the subscription price of HK\$0.82 per Subscription Share, pursuant to the Subscription Agreement
“Subscription Shares”	20,000,000 new Shares to be issued at the Subscription Price pursuant to the Subscription Agreement and each a “Subscription Share”
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Hi Sun Group Limited
Li Wenjin
Director

Hong Kong, 9th July, 2002

* *For identification purposes only*

“Please also refer to the published version of this announcement in The Standard”.