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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should hand this circular and the form of proxy which accompanies the annual report (“Annual Report”) of the Company in respect of the year ended 31st December 2002 at once to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is not and does not constitute an offer of, nor is it calculated to invite offer for shares or other securities of the Company.

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HI SUN GROUP LIMITED

高陽集團有限公司*

(Incorporated in Bermuda with limited liability)

PROPOSAL TO

REFRESH THE LIMIT ON GRANT OF OPTIONS UNDER

THE SHARE OPTION SCHEME

A notice convening the Annual General Meeting of the Company to be held at Suite 2316, 23rd Floor, One International Finance Centre, No. 1 Harbour View Street, Central, Hong Kong on 26th May 2003 at 10:00 a.m. (“AGM”) together with the form of proxy for use at the AGM are contained in the Annual Report. Whether or not you are able to attend and vote at the AGM, please complete the form of proxy accompanying the Annual Report in accordance with the instructions printed thereon and return it to the Company at its principal place of business in Hong Kong at Suite 2316, 23rd Floor, One International Finance Centre, No. 1 Harbour View Street, Central, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting should you so wish.

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RESPONSIBILITY STATEMENT

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, (i) the information contained in this circular is accurate and complete in all material respects and not misleading; and (ii) there are no other facts the omission of which would make any statement contained herein misleading.

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“AGM”	the annual general meeting of the Company to be held at Suite 2316, 23rd Floor, One International Finance Centre, No. 1 Harbour View Street, Central, Hong Kong on 26th May 2003 at 10:00 a.m., to consider and, if thought fit, to refresh the limit on grant of options under the Share Option Scheme of the Company, or any adjournment thereof notice of which is contained in the Annual Report which are despatched to the Shareholders together with this Circular
“Annual Report”	the annual report of the Company for the year ended 31st December 2002
“Board”	the Board of Directors
“Company”	Hi Sun Group Limited (高陽集團有限公司), a company incorporated in Bermuda with limited liability, and the securities of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	25th April 2003 , being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Refreshed Limit”	the refreshment of the limit on grant of options under the Share Option Scheme of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 29th November 2001
“Shareholder”	the holders of the Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



HI SUN GROUP LIMITED

高陽集團有限公司*

(Incorporated in Bermuda with limited liability)

Directors:

Executive Directors

CHEUNG Yuk Fung
KUI Man Chun
LO Siu Yu
XU Wensheng
LI Wenjin
CHAN Yiu Kwong
SU Terry Lumin
XU Chang Jun
WANG Xiao Qing

Independent non-executive Directors:

LAU Wai Kit
XU Sitao

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and

principal place of business:

Suite 2316
23rd Floor
One International Finance Centre
1 Harbour View Street
Central, Hong Kong

29th April 2003

To the Shareholders

Dear Sir or Madam,

**PROPOSAL TO
REFRESH THE LIMIT ON GRANT OF OPTIONS UNDER
THE SHARE OPTION SCHEME**

1. INTRODUCTION

An ordinary resolution will be proposed at the AGM to be held on 26th May 2003 to approve the refreshment of the limit on grant of options under the Share Option Scheme of the Company. The purpose of this circular is to provide you with further details in respect of the above proposal.

2. BACKGROUND

The Company does not have any other share option scheme apart from the Share Option Scheme at present. The purpose of the Share Option Scheme is to enable the Company to attract, retain and motivate talented employees to strive for future developments and expansion of the Group. It is important that the Group should continue to provide such employees and other participants under the Share Option Scheme with an additional incentive and encouragement by offering them an opportunity to obtain an ownership interest in the Company and to enjoy the results of the Company attained through their effort and contribution.

* for identification purpose only

LETTER FROM THE BOARD

3. REASON FOR REFRESHING THE 10% LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

The Company has undergone substantial group reorganization over the years in 2001 to 2002. One key component of the reorganization involved the acquisition of the entire issued capital of Hi Sun Technology Holding Limited (the "Acquisition"), the agreement of which was entered into on 24th January 2002 and the Acquisition was completed on 28th February 2002.

The total issued share capital of the Company prior to the Acquisition was in the region of HK\$1,010,180 with 101,018,010 ordinary shares of HK\$0.01 each issued as at 1st January 2002, while the total number of employees of the Company at that time was 25. After the Acquisition, the total number of employees of the Company climbed to about 830. In view of the substantial increase in the workforce, the Company deemed it necessary to refresh the 10% limit on the number of options that can be granted under the Share Option Scheme to afford the Company greater scope to grant options to the employees should the Company so wishes.

4. BENEFITS OF THE REFRESHMENT OF THE 10% LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME TO THE COMPANY

The main purpose of adopting the Share Option Scheme by the Company is to motivate the employees and to provide them with the incentive to strive for the future developments of the Company. In refreshing the 10% limit on the number of options that can be granted, the Company will correspondingly benefit in having much greater flexibility in attracting and retaining the enlarged pool of talented employees to work for the overall betterment and expansion of the Company.

5. PROPOSAL TO REFRESH THE LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME OF THE COMPANY

As at 29th November 2001, being the date of adoption of the Share Option Scheme, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is 8,421,801 Shares, being 10% of the Shares in issue on the adoption date of the Share Option Scheme.

As at the Latest Practicable Date, no option has been granted pursuant to the Share Option Scheme. Nor has any option ever been granted under any previous share option scheme. The Company does not have any concrete plans to grant any option under the Share Option Scheme after the approval of the refreshment of the 10% limit.

Upon the refreshing of the 10 per cent limit on grant of options under the Share Option Scheme, an additional 24,883,602 Shares may be issued pursuant to the grant of further options under the Share Option Scheme.

It is therefore proposed that subject to the approval of the Shareholders at the AGM and such other requirements under the Listing Rules, the limit on grant of options under the Share Option Scheme of the Company will be refreshed to 10 per cent of the Shares in issue as at the date of approval by the Shareholders in general meeting and options previously granted, if any, under any share option scheme(s) of the Company (including those outstanding, cancelled, lapsed in accordance with such scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

LETTER FROM THE BOARD

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme of the Company at any time will not exceed 30 per cent of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30 per cent limit being exceeded.

As at the Latest Practicable Date, there were 333,054,030 Shares in issue. Assuming that no further Shares will be issued between the period from the Latest Practicable Date and the date of approval of the Refreshed Limit by Shareholders, the maximum number of Shares issuable under the Refreshed Limit pursuant to the Share Option Scheme would be 33,305,403, representing 10% of the Share in issue as at the date of the AGM.

Conditions

As required by the Share Option Scheme and the Listing Rules, an ordinary resolution will be proposed at the AGM to approve the Refreshed Limit of the Share Option Scheme of the Company such that the total number of securities which may be issued upon exercise of all options to be granted under the Refreshed Limit must not exceed 10 per cent of the total number of Shares in issue as at the date of approving of the Refreshed Limit.

The adoption of the Refreshed Limit of the Share Option Scheme of the Company is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the increase in the limit on grant of options under the Share Option Scheme of the Company at the AGM; and
- (b) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options granted under the Refreshed Limit.

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in 33,305,403 Shares (representing 10% of the Shares in issue as at the date of the AGM) which may fall to be issued upon the exercise of any options that may be granted under the Refreshed Limit.

6. ANNUAL GENERAL MEETING

The AGM Notice together with a form of proxy for use at the AGM are contained in the Annual Report of the Company in respect of the year ended 31st December 2002. At the AGM, ordinary resolutions will be considered to approve the refreshment of the limit on grant of options under the Share Option Scheme of the Company.

Whether or not you are able to attend the AGM, you are requested to complete the form of proxy accompanying the Annual Report and return it to the principal place of business of the Company at Suite 2316, 23rd Floor, One International Finance Centre, No. 1 Harbour View Street, Central, Hong Kong in accordance with the instructions printed thereon not later than 48 hours before the time appointed for holding the AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM if you so wish.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Directors are of the opinion that refreshment of the limit on grant of options under the Share Option Scheme of the Company is in the best interest of the Company. The Directors therefore recommend the Shareholders to vote in favour of such resolution to be proposed at the AGM.

Yours faithfully,
By Order of the Board
Li Wenjin
Director