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HI SUN GROUP LIMITED

高陽集團有限公司*

(incorporated in Bermuda with limited liability)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The board of directors (the "Directors") of Hi Sun Group Limited (the "Company") announces that on 12 December 2001, the Company entered into an agreement with ICEA Capital Limited under which the Company has conditionally agreed to place, through ICEA Capital Limited, 16,800,000 new shares ("Placing") of HK\$0.01 each ("Placing Shares") to be allotted and issued by the Company to institutional, corporate or individual professional investors, on a best endeavour basis, at a price of HK\$1.14 per Placing Share.

The Placing Shares represent approximately 19.95% of the existing issued share capital of the Company of 84,218,010 Shares and approximately 16.63% of the Company's issued share capital as enlarged by the issue of the Placing Shares.

The Placing is intended to enlarge the capital base and the shareholder base of the Company and the net proceeds of approximately HK\$18 million from the Placing will be used for the general working capital of the Company.

The Placing is conditional upon the Stock Exchange granting listing of, and permission to deal, in the Placing Shares.

Hi Sun Group Limited (the "Company") has conditionally agreed to place, through its placing agent, ICEA Capital Limited (the "Placing Agent"), 16,800,000 new shares of HK\$0.01 each in the share capital of the Company ("Shares") to institutional, corporate or individual professional investors who are independent of and not connected with any of the directors, chief executive or substantial shareholder(s) of the Company, and any of their subsidiaries or any of their respective associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules" and the "Stock Exchange" respectively)), at a price of HK\$1.14 per Placing Share.

THE PLACING AGREEMENT DATED 12 DECEMBER 2001 (the "Placing Agreement")

Placing:	The placing of the Placing Shares pursuant to the Placing Agreement.
Placing Agent:	ICEA Capital Limited. The Placing shall be conducted on a best endeavour basis by the Placing Agent. The Placing Agent has confirmed to the Company that it is independent of, and not connected with any of the directors, chief executive and substantial shareholder(s) of the Company, any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).
Placees:	Six or more institutional, corporate or individual professional investors who are independent of and not connected with any of the directors, chief executive and substantial shareholder(s) of the Company, any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).
Placing Shares:	A total of 16,800,000 new shares of HK\$0.01 each in the share capital of the Company, representing approximately 19.95% of the existing issued share capital of the Company and 16.63% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.
Placing Price:	HK\$1.14 per Placing Share, representing a discount of (i) about 8.8% to the closing price of HK\$1.25 per share as quoted on the Stock Exchange on 12 December 2001 and (ii) about 5.8% to the average closing prices of HK\$1.21 per share as quoted on the Stock Exchange for the 10 trading days immediately before the issue of this announcement. This price was agreed after arm's length negotiations.
Condition of the Placing:	The Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.
Application for listing:	Application will be made by the Company to the Stock Exchange for listing of and permission to deal in the Placing Shares.
Basis of issue:	The Placing Shares are to be issued pursuant to the general mandate granted to the Directors pursuant to an ordinary resolution passed by the then sole shareholder of the Company on 16 October 2001.
Ranking:	The Placing Shares when issued will rank pari passu in all respects with the existing issued shares in the Company, together with all rights and entitlements accruing after the date of completion of the Placing and the right to receive all dividends or other distributions declared, paid or made or proposed to be made on the shares of the Company at any time by reference to a record date falling on or after the date of completion of the Placing.
Completion Date:	The first business day after the fulfillment of the Condition. The Placing Agreement will lapse if the Condition is not satisfied on or before the 14th day from the signing of the Placing Agreement, which is expected to be on 26 December 2001 unless the parties agree otherwise.
Share(s):	Share(s) of HK\$0.01 each in the capital of the Company.
Shareholding of the substantial shareholders before and after the Placing:	As at the date of this announcement, Rich Global Limited holds approximately 74.91% of the issued share capital of the Company. Following the completion of the Placing, Rich Global Limited will hold approximately 62.45% of the issued share capital of the Company as enlarged by the issue of the Placing Shares. Rich Global Limited is a wholly-owned subsidiary of Hi Sun Limited which is beneficially owned as to approximately 99.16% by Mr. Kui Man Chun and approximately 0.84% by Mr. Li Wenjin, both of whom are executive directors of the Company.

Reason of the Placing and use of proceeds

The Directors of the Company believe that the Placing is in the interests of the Company as it will enlarge the capital base and the shareholder base of the Company. The net proceeds of approximately HK\$18 million from the Placing will be used for the general working capital of the Company and the Company does not currently have any specific plans for the application of such proceeds.

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

Hong Kong, 12 December 2001

* For identification purposes only