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## HI SUN GROUP LIMITED

高陽集團有限公司\*

(incorporated in Bermuda with limited liability)

### DISCLOSEABLE AND CONNECTED TRANSACTION INVOLVING THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF HI SUN TECHNOLOGY HOLDING LIMITED

Financial advisor to Hi Sun Group Limited



Oriental Patron Asia Limited

On 24th January, 2002, the Company entered into the Agreement with the Vendors, pursuant to which the Company has conditionally agreed to acquire (either by itself or by its wholly owned subsidiary) from the Vendors and the Vendors have conditionally agreed to sell to the Company the entire issued share capital of Hi Sun Technology from the Vendors for a total consideration of HK\$9.6 million which will be satisfied by the Company in cash.

The terms of the Agreement including the consideration thereunder were arrived at after arm's length negotiation with reference to the unaudited consolidated net tangible asset value of the Hi Sun Technology Group as at 31st December, 2001 of approximately HK\$9.65 million, to which the consideration represents a discount of 0.5%.

The Completion of the Agreement is subject to the conditions set out in the paragraph headed "Conditions precedent" below.

The Directors consider that the terms of the Agreement are fair and reasonable and that the Acquisition is in the interests of the Company and its shareholders as a whole.

The Acquisition constitutes a discloseable and connected transaction of the Company under the Listing Rules. A circular containing further information on the Acquisition will be sent to the Shareholders as soon as practicable. Since the consideration involved in the Acquisition is less than the higher of HK\$10,000,000 or 3% of the consolidated net tangible assets of the Company, the Acquisition is required to be disclosed by way of announcement and inclusion of details of the Acquisition as stated in Rule 14.25(1)(A) to (D) in the Company's next published annual report and accounts and no independent shareholders' approval is required.

#### THE AGREEMENT

##### Date

24th January, 2002

##### Parties

Purchaser: The Company or its wholly owned subsidiary

Vendors:

	Number of Sale Shares held beneficially	Approximate % of effective shareholding in the Sale Shares
(i) Chan Yiu Kwong, an executive Director	2,032,000	1.21%
(ii) Hi Sun Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, beneficially owned as to 99.16% by Mr. Kui Man Chun and as to 0.84% by Mr. Li Wenjin, both of whom are the executive Directors	104,366,000	62.10%
(iii) Independent Third Parties	61,672,000	36.69%
Total:	168,070,000	100.00%

##### Assets to be acquired

The Sale Shares

##### Consideration

The aggregate consideration for the sale and purchase of the Sale Shares payable by the Company to the Vendors shall be the sum of HK\$9.6 million which will be satisfied by the Company as follows:

- as to HK\$0.96 million in cash as deposit upon signing of the Agreement; and
- as to HK\$8.64 million in cash upon Completion.

The deposit referred to in (i) above has been paid to the Vendors by the Company upon execution of the Agreement and is refundable (together with interest accrued thereon) to the Company if the Completion does not take place otherwise than as a result of default of the Company.

The consideration thereunder were arrived at after arm's length negotiation with reference to and represents a discount of 0.5% to the unaudited consolidated net tangible asset value of the Hi Sun Technology Group as at 31st December, 2001 of approximately HK\$9.65 million.

##### Conditions precedent

Completion of the Agreement is conditional on the satisfaction of each of the following Conditions:

- the due diligence review on the Hi Sun Technology Group being completed by the Company and the result thereof being in the absolute opinion of the Company satisfactory to the Company;
- the receipt by or on behalf of the Company of certified true copies of all requisite written consents or approval from bankers of the Vendors and the Hi Sun Technology Group (if applicable) and any other relevant third parties in relation to the entering into of the Agreement and the performance of the transactions contemplated thereby; and
- the representations and warranties given by the Warrantor pursuant to the Agreement remaining to be true, accurate and not misleading as at Completion;

The Company may waive, at its sole discretion, both or any of conditions (1) and (2) above in whole or in part at any time by written notice to the Vendors. In the event that the Conditions are not fulfilled or waived on or before 30th June, 2002 or such later date as the parties hereto may agree in writing, the Agreement shall become null and void and be of no further effect whatsoever and all the obligations and liabilities of the parties therein shall cease and determine (save for any antecedent breaches of the Agreement).

##### Completion of the Agreement

Completion of the Agreement shall take place on the Completion Date at Suite 2316, 23/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong or at such other place and time as the parties may agree in writing.

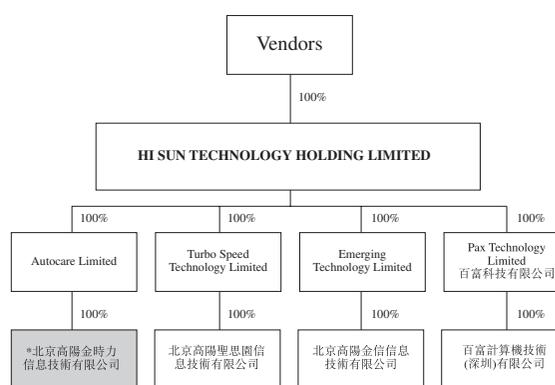
##### Representations and warranties

The Warrantor unconditionally and irrevocably represents, warrants and undertakes to and in favour of the Company, among other things, that the consolidated net tangible asset value of Hi Sun Technology as shown in its audited consolidated accounts, comprising consolidated balance sheet and consolidated profit and loss account as at the Completion Date shall be not less than HK\$9.6 million.

#### INFORMATION ON HI SUN TECHNOLOGY

Hi Sun Technology was incorporated under the laws of Bermuda with limited liability on 28th June, 2000. The assets of Hi Sun Technology comprise the entire equity interests in each of the companies comprising the Hi Sun Technology Group. The following chart shows the shareholding structure of the Hi Sun Technology Group:

##### Shareholding structure of the Hi Sun Technology Group



Note\*:  The Directors have confirmed that 北京高陽金時力 is undergoing a voluntary liquidation and that the Company will not assume any liabilities, whether actual, potential or otherwise, resulting from the Acquisition in relation to the liquidation of 北京高陽金時力.

The Hi Sun Technology Group is principally engaged in the provision of customized information system consultancy and integration services for its customers in the banking, insurance and telecommunications industry in Hong Kong and the PRC. The Hi Sun Technology Group currently operates business and research and development centres in Hong Kong, the PRC and other parts of the world, employing a total of approximately 800 staff. Hi Sun Technology is aggressively expanding its business and has been actively looking for business opportunities in the information technology industry.

The unaudited consolidated loss before taxation and loss after taxation of Hi Sun Technology for the period ended 31st December, 2000 (prepared on the basis of the unaudited accounts for the period from its incorporation on 28th June, 2000 to 31st December, 2000) were approximately HK\$72.81 million. The unaudited consolidated loss before taxation and loss after taxation of Hi Sun Technology for the year ended 31st December, 2001 were approximately HK\$83.94 million and approximately HK\$83.96 million respectively.

The unaudited consolidated net tangible asset value of Hi Sun Technology as at 31st December, 2001 was approximately HK\$9.65 million.

#### INFORMATION ON THE GROUP AND REASONS FOR THE ACQUISITION

Before Completion of the Agreement, the Group's business activities are principally the design, supply and installation of curtain wall systems and aluminium windows. In March 2001, the controlling stake in the Group was acquired by Hi Sun Limited. 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 diversify and expand the business of the Group. It is also announced in the interim report of the Company published on 21st September, 2001 that the Group while continuing its existing businesses, has also been exploring other business opportunities which include areas in the provision of information technology solutions.

As a part of the diversification strategy, Hi Sun Consulting Limited, a member of the Group, has been recently established to provide management and financial consulting services in the PRC market. It is focusing on providing its clients ranging from Chinese enterprises to multinational enterprises with tailor-made solutions to their operations in the PRC. Based in Hong Kong, Hi Sun Consulting Limited operates in the PRC through its offices in Beijing and Shenzhen.

Taking into account the expertise and experience of the management team of Hi Sun Technology Group, the distinguished information technology products offered by Hi Sun Technology Group and the potentials of information technology market in the PRC, the Directors consider that the Acquisition is in line with the expansion and diversification policy of the Group and the assets to be acquired will be able to draw synergy with the other investments in the Group's portfolio. In addition, the Board also considers that the Acquisition takes place at a suitable timing for the Group's corporate strategies and development.

The Directors consider that the terms of the Agreement are fair and reasonable and that the Acquisition is in the interests of the Company and its shareholders as a whole.

The Acquisition will be funded by the Company's internal resources.

#### **GENERAL**

As at the date of this announcement, Hi Sun Limited, one of the Vendors, through its wholly owned subsidiary, Rich Global Limited, is the controlling shareholder of the Company holding 63,090,303 Shares representing approximately 62.45% of the existing issued share capital of the Company, having taken into account the Shares issued pursuant to the placing of 16,800,000 Shares announced on 13th December, 2001. Hi Sun Limited is in turn beneficially owned as to approximately 99.16% by Mr. Kui Man Chun, an executive Director and an executive director of Hi Sun Technology, and approximately 0.84% by Mr. Li Wenjin, an executive Director.

In addition, Mr. Chan Yiu Kwong, one of the Vendors, is an executive Director. By virtue of the shareholdings and the directorships as mentioned above, the Acquisition constitutes a connected transaction of the Company for the purposes of the Listing Rules. Since the consideration involved in the Acquisition is HK\$9.6 million, which is less than the higher of HK\$10,000,000 or 3% of the consolidated net tangible assets of the Company, the Acquisition is required to be disclosed by way of announcement and inclusion of details of the Acquisition as stated in Rule 14.25(1)(A) to (D) in the Company's next published annual report and accounts and no independent shareholders' approval is required.

Based on the unaudited consolidated net tangible asset value of the Company as at 30th June, 2001 and adjusted by the proceeds from the Placing, the Acquisition constitutes a discloseable transaction of the Company pursuant to the Listing Rules. A circular containing further information on the Acquisition will be sent to the Shareholders as soon as practicable.

Oriental Patron Asia Limited has been appointed as financial advisor to the Company to advise on the Acquisition, the Agreement and other transactions contemplated thereby.

#### **DEFINITIONS**

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

"Acquisition"	the acquisition of the Sale Shares pursuant to the Agreement
"Agreement"	the conditional agreement dated 24th January, 2002 entered into between the Company and the Vendors for the sale and purchase of the Sale Shares
"Autocare"	Autocare Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
"Board"	the board of Directors
"Business Day"	a day, other than a Saturday or a Sunday, on which banks in Hong Kong are open for business throughout their normal business hours
"Company"	Hi Sun Group Limited, a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares pursuant to the Agreement
"Completion Date"	the third Business Day after the fulfillment or waiver of the Conditions (as the case may be)
"Conditions"	the conditions precedent as stipulated under the Agreement
"Director(s)"	the director(s) of the Company
"Emerging Technology"	Emerging Technology Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
"Group"	the Company and its subsidiaries
"Hi Sun Technology"	Hi Sun Technology Holding Limited, a company incorporated under the laws of Bermuda with limited liability
"Hi Sun Technology Group"	Hi Sun Technology, Autocare, Turbo Speed Technology, Emerging Technology, Pax Technology, 北京高陽金時力, 北京高陽聖思園, 北京高陽金信 and 百富計算機技術
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Parties"	independent third parties who are not connected with any of the Directors, chief executive 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
"Pax Technology"	Pax Technology Limited (百富科技有限公司), a company incorporated under the laws of Hong Kong with limited liability
"Placing"	the placing of 16,800,000 Shares announced on 13th December, 2001
"PRC"	the People's Republic of China
"Rich Global Limited"	a company incorporated under the laws of the British Virgin Islands with limited liability which is the controlling shareholder of the Company
"Sale Shares"	168,070,000 shares of HK\$0.1 each in and representing the entire issued share capital of Hi Sun Technology
"Shares"	shares of HK\$0.01 each in the capital of the Company
"Shareholders"	holders of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Turbo Speed Technology"	Turbo Speed Technology Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
"USA"	the United States of America
"US\$"	United States dollars, the lawful currency of the USA
"Warrantor"	Hi Sun Limited, one of the Vendors and a company incorporated under the laws of the British Virgin Islands with limited liability
"%"	Per Cent.
"北京高陽金時力"	北京高陽金時力信息技術有限公司, a wholly foreign owned enterprise established in the PRC
"北京高陽聖思園"	北京高陽聖思園信息技術有限公司, a wholly foreign owned enterprise established in the PRC
"北京高陽金信"	北京高陽金信信息技術有限公司, a wholly foreign owned enterprise established in the PRC
"百富計算機技術"	百富計算機技術(深圳)有限公司, a wholly foreign owned enterprise established in the PRC

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

Hong Kong, 24th January, 2002

\* For identification purposes only