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HI SUN GROUP LIMITED

高陽集團有限公司*

(incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION

The Board of the Company announces that on 7th November, 2002, a share sale agreement was entered into between the Company, the Vendor and the Purchaser, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Sale Shares and the Company agreed to assign and the Purchaser agreed to take up assignment of the Sale Loan. The aggregate consideration payable by the Purchaser to Hi Sun (BVI) Limited (for itself) for the sale and purchase of the Sale Shares and to Hi Sun (BVI) Limited (for distribution to the Company) for the assignment of the benefit of and interests in the Sale Loan shall be HK\$8,500,000, with HK\$6,397,899 being consideration for the sale and purchase of the Sale Shares and HK\$2,102,101 being consideration for the assignment of the benefit of and interests in the Sale Loan.

The Vendor is a wholly owned subsidiary of the Company. The Purchaser is an Independent Third Party. The Agreement constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, among other things, detail of the Agreement will be despatched to the shareholders of the Company as soon as practicable pursuant to the Listing Rules.

THE AGREEMENT

Date	:	7th November, 2002
Vendor	:	Hi Sun (BVI) Limited
Purchaser	:	an Independent Third Party
Guarantor	:	The Company
Sale Company	:	Hi Sun Holdings Limited

On 7th November, 2002, the Vendor entered into the Agreement with the Company and the Purchaser, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Sale Shares and the Company agreed to assign and the Purchaser agreed to take up assignment of the Sale Loan. The aggregate consideration payable by the Purchaser to the Vendor (for itself) for the sale and purchase of the Sale Shares and to the Vendor (for distribution to the Company) for the assignment of the benefit of and interests in the Sale Loan shall be HK\$8,500,000, with HK\$6,397,899 being consideration for the sale and purchase of the Sale Shares and HK\$2,102,101 being consideration for the assignment of the benefit of and interests in the Sale Loan. A sum of HK\$1,000,000 was paid by the Purchaser upon the

signing of the Agreement being deposit and part payment of the aggregate consideration and an amount of HK\$7,500,000 being the balance and further part payment of the aggregate consideration shall be paid on Completion Date. Completion of the Agreement is expected to take place on the 5th Business Day after the Condition Precedent as set out in the Agreement having been satisfied.

Condition Precedent

Completion of the Agreement is conditional upon the obtaining by the Vendor and/or the Guarantor of all consents and approval necessary for the completion of the Transactions as may be required by the Stock Exchange, the Listing Rules and other relevant regulatory bodies, rules and regulations and any requisite bankers' consent and such other consent applicable to the Vendor and/or the Guarantor.

If the Condition Precedent to which the Agreement are subject to cannot be fulfilled or waived at or before 5:00 p.m. on the Long Stop Date (other than due to any default by the Vendor, the Guarantor or the Purchaser), the Agreement shall become null and void and be of no further effect whatsoever and all the obligations and liabilities of the parties thereof shall cease and determine (save for any antecedent breaches of the Agreement). The deposit paid by the Purchaser to Vendor at time of signing of the Agreement and all interest accrued thereon shall be released to the Purchaser (or as the Purchaser may direct).

The terms and conditions of the Agreement have been arrived at after arm's length negotiations based on the financial conditions of the Sale Company as well as its goodwill generated from years of business operation. The Board considered that such terms are fair and reasonable and the Transactions are in the interests of the Group and their shareholders as a whole. The estimated profit generated from the disposal after necessary expenses is approximate HK\$7 million.

BUSINESS OF THE GROUP

The principal business of the Group, excluding the Sale Company and its subsidiaries, is the provision of customised information system consultancy and integration services for its customers in the banking, insurance and telecommunication industries in Hong Kong and the PRC, and the sale of point-of-sale systems (collectively, the "**IT business**"). The IT business was brought in via the acquisition of the entire issued capital of Hi Sun Technology Holding Limited on 28 February, 2002. The Sale Company and its subsidiaries are principally engaged in the construction and installation of curtain wall systems and aluminum windows (the "**curtain wall business**").

The table below sets out a summary of the audited consolidated results of the Sale Company and its subsidiaries for the two years ended 31st December, 2000 and 2001:–

	Year ended 31st December, 2000 <i>HK\$'000</i>	Year ended 31st December, 2001 <i>HK\$'000</i>
Profit/(Loss) before tax	(84,167)	343,723
Profit/(Loss) after tax	(81,511)	343,726

The unaudited consolidated net tangible asset value of the Sale Company and its subsidiaries as at 30th June, 2002 plus the book value of the Sale Loan as at the date hereof is HK\$1,074,101.

REASONS FOR THE TRANSACTIONS

Faced with a depressed property market over the past years, the Group's curtain wall business has been confined to completing existing project, namely the Belcher Garden site in Pokfulam, Hong Kong, which has now been substantially completed. Presently, the Group is mainly engaged in the maintenance of completed projects. As set out in the Group's 2002 interim report, the curtain wall business has continued to incur an operating loss of HK\$4.8 million in the first half of 2002, on top of an operating loss of HK\$8.3 million in the year ended 31st December, 2001. In addition, in the first half of 2002, turnover from the curtain wall business dropped by 80% from the same period last year and accounted for only about 3% of the Group's turnover and this business is now of diminishing significance to the Group. In view of the difficult market conditions with extremely squeezed margins, the Group does not anticipate that this business would turn around in the near future. Accordingly, the Board considers that the Agreement represents a good opportunity for the Group to dispose of its interest in the Sale Company in order to reduce the Group's operating loss and to concentrate the Group's resources in the IT business. The Board considers that such terms are fair and reasonable and the Transactions are in the interests of the Group and their shareholders as a whole. The estimated profit generated from the disposal after necessary expenses is approximate HK\$7 million.

USE OF PROCEEDS

The proceeds from the disposal will be used as general working capital of the Group and no specific investment has been identified for utilization of the proceeds.

INFORMATION FOR THE SHAREHOLDERS

A circular containing further information on the Agreement and the Transactions will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the meanings ascribed to them as follows:–

“Agreement”	means the conditional share sale agreement entered among Hi Sun (BVI) Limited, Hi Sun Group Limited and an Independent Third Party on 7th November, 2002 in relation to sale and purchase of the entire issued share capital of and loans due and owing by the Sale Company;
“associates”	has the meaning ascribed to it in the Listing Rules;
“Board”	means the board of directors of the Company;
“BVI”	means British Virgin Islands;
“Business Day”	means a day (other than a Saturday or a Sunday) on which banks are open for business in Hong Kong;

“Company”	means Hi Sun Group Limited, a company incorporated under the laws of Bermuda, the shares of which are listed on The Stock Exchange of Hong Kong Limited;
“Completion Date”	means the 5th Business Day after the Condition Precedent having been satisfied (or such other time and/or date as the parties hereto may agree);
“Condition Precedent”	means the conditions precedent set out in the Agreement;
“Group”	means the Company together with its subsidiaries;
“Hong Kong”	means Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party”	means parties independent and unconnected with any of the directors, chief executive or substantial shareholder of the Company or any of their respective associates;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange as may be amended from time to time;
“Long Stop Date”	means the date falling three months after the date of the Agreement, or such later date as the parties thereto may agree in writing;
“Sale Company”	means Hi Sun Holdings Limited, a company limited by shares and incorporated under the laws of Hong Kong;
“Sale Loan”	means the non-interest bearing loan in the principal amount of HK\$2,102,101 outstanding and owing as at the date of the Agreement and on the Completion Date by the Sale Company to the Company, which is repayable on demand;
“Sale Shares”	means the 84,218,010 shares of HK\$1.00 each in the issued share capital of the Sale Company beneficially owned by the Vendor, representing the entire issued share capital of the Sale Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Transactions”	means all the transactions contemplated by the Agreement;
“Vendor”	means Hi Sun (BVI) Limited, a company with limited liability incorporated in the BVI and a wholly owned subsidiary of the Company;
“Purchaser”	means the purchaser of the entire equity interest of the Sale Company which is an Independent Third Party; and
“HK\$”	means Hong Kong dollars.

By Order of the Board
HI SUN GROUP LIMITED
Li Wenjin
Director

7th November, 2002

* *for identification purpose only*