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**HI SUN GROUP LIMITED**

**高陽集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 0818)**

**APPOINTMENT OF EXECUTIVE DIRECTOR  
RESIGNATION AND APPOINTMENT OF  
INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Board hereby announces that Mr. Zhou Jian has been appointed as an executive director of the Company with effect from 31st May 2004, Mr. Lau Wai Kit has resigned as independent non-executive director of the Company with effect from 27th April 2004 and Mr. Tam Chun Fai has been appointed as an independent non-executive director of the Company with effect from 31st May 2004.

**APPOINTMENT OF MR. ZHOU JIAN AS EXECUTIVE DIRECTOR**

The board of directors (the “Board”) of Hi Sun Group Limited (the “Company”) is pleased to announce that Mr. Zhou Jian (“Mr. Zhou”) has been appointed as an executive director of the Company with effect from 31st May 2004.

Mr. Zhou, aged 35, graduated from E. M. Lyon in France with a master’s degree in business administration. He has over 10 years’ extensive experience in operations, administrative affairs, and strategic planning. Mr. Zhou is currently the chief executive officer of Beijing Eastern Sapharm Technology Company Limited.

Mr. Zhou has not previously held any position with the Company or any of its subsidiaries. As at the date of this announcement, Mr. Zhou is not connected with any directors, senior management or substantial or controlling shareholders of the Company, and he does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“SFO”) nor any interests in the principal business activities of the Company.

\* For identification purposes only

There is no service contract entered into between Mr. Zhou and the Company and no fixed or proposed length of service with the Company, however Mr. Zhou will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the bye-laws of the Company. Mr. Zhou will be entitled to an emolument as determined by the Board from time to time with reference to his performance and duties, the Company's performance and profitability, the prevailing market conditions and subject to the approval of shareholders in general meeting.

#### **RESIGNATION OF MR. LAU WAI KIT AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Board also announces that Mr. Lau Wai Kit ("Mr. Lau") resigned as an independent non-executive director of the Company on 27th April 2004 for personal reasons of his own accord. The Board was notified of his resignation on 27th April 2004, however, due to administrative delays the Company did not notify The Stock Exchange of Hong Kong Limited ("the Stock Exchange") as soon as practicable in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Mr. Lau has confirmed in writing on 27th April 2004 that there are no matters that need to be brought to the attention of the Stock Exchange or the shareholders of the Company upon his resignation.

Subject to certain transitional arrangements, the revised Listing Rules came into effect on 31st March 2004 (the "Revised Listing Rules"). Rule 3.10 of the old Listing Rules provides that the Board must include at least two independent non-executive directors. Rule 3.11 of the Revised Listing Rules provides that in the event the Board shall have less than the minimum number of independent non-executive directors, the Company shall immediately inform the Stock Exchange and publish an announcement containing the relevant details and the reasons. The Company acknowledges that it failed to inform the Stock Exchange and publish the necessary announcement when Mr. Lau resigned as an independent non-executive director of the Company. Such constitutes a breach of Rule 3.10 of the old Listing Rules and Rule 3.11 of the Revised Listing Rules. The Stock Exchange has stated that it reserves the right to take the appropriate action against the Company and/or its directors.

In future, the Board will closely monitor the administrative systems within the Company to improve efficiency and to ensure that it complies fully with the Listing Rules. The Board confirms that from 27th April 2004 to the date of this announcement, there have not been any unusual movements in the share price or trading volumes of the shares of the Company.

#### **APPOINTMENT OF MR. TAM CHUN FAI AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Board is also pleased to announce that Mr. Tam Chun Fai ("Mr. Tam") has been appointed as an independent non-executive director of the Company with effect from 31st May 2004.

Mr. Tam, aged 42, graduated from the Hong Kong Polytechnic University with a bachelor of arts degree in accountancy. Mr. Tam is a member of Hong Kong Society of Accountants and is a member of Chartered Financial Analyst and has over 15 years' experience in auditing, corporate advisory services as well as financial management and compliance work. Mr. Tam is currently the financial controller and company secretary of Beijing Enterprises Holdings Limited, a company listed on the Main Board of the Stock Exchange. The Board is not aware of any conflict of interest arising from the appointment of Mr. Tam to the Board.

Mr. Tam has not previously held any position with the Company or any of its subsidiaries. As at the date of this announcement, Mr. Tam is not connected with any directors, senior management or substantial or controlling shareholders of the Company, and he does not have any interests in the shares of the Company within the meaning of Part XV of the SFO nor any interests in the principal business activities of the Company.

There is no service contract entered into between Mr. Tam and the Company and no fixed or proposed length of service with the Company, however Mr. Tam will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the bye-laws of the Company. Mr. Tam will be entitled to an emolument as determined by the Board from time to time with reference to his performance and duties, the Company's performance and profitability and the prevailing market conditions and subject to the approval of shareholders in general meeting.

The Board would like to take this opportunity to welcome Mr. Zhou and Mr. Tam to the Board and to express its thanks to Mr. Lau for his valuable contribution to the Company during his tenure of service.

By Order of the Board  
**Li Wenjin**  
*Executive Director*

Hong Kong, 1st June 2004

As at the date of this announcement, the Board is comprised of nine executive directors, namely, Cheung Yuk Fung, Kui Man Chun, Lo Siu Yu, Xu Wensheng, Li Wenjin, Zhou Jian, Chan Yiu Kwong, Su Terry Lumin and Xu Chang Jun and two independent non-executive directors namely Tam Chun Fai and Xu Sitao.