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HI SUN GROUP LIMITED

高陽集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 818)

CLARIFICATION ANNOUNCEMENT

Reference is made to the Announcement. As disclosed in the Announcement, Turbo Speed, a wholly owned subsidiary of the Company, will issue the Convertible Preference Shares to the Subscribers, which represent approximately 16% of the total number of issued shares of Turbo Speed as enlarged by the Subscription.

Given that Turbo Speed is a major subsidiary of the Company and the Subscription will result in a material dilution of the Company's interest in Turbo Speed under the Rule 13.36(1)(a)(ii) of the Listing Rules, the Subscription is subject to the approval of the Shareholders. A written confirmation from a Shareholder holding approximately 56.83% in nominal value of the securities giving rights to attend and vote at a general meeting of the Company approving the Subscription has been obtained and therefore, pursuant to Rule 14.44 of the Listing Rules, no general meeting of Shareholders will be held to approve the Subscription.

Reference is made to the announcement of the Company dated 11 November 2004 (the "Announcement"). Capitalised terms used in this announcement shall, unless the context requires otherwise, have the same meanings ascribed thereto in the Announcement.

As disclosed in the Announcement, Turbo Speed, a wholly owned subsidiary of the Company, will issue the Convertible Preference Shares to the Subscribers, which represent approximately 16% of the total number of issued shares of Turbo Speed as enlarged by the Subscription.

Given that Turbo Speed is a major subsidiary of the Company and the Subscription will result in a material dilution of the Company's interest in Turbo Speed under the Listing Rules, the Subscription is subject to the approval of the Shareholders pursuant to Rule 13.36(1)(a)(ii). As no Shareholder is required to abstain from voting in respect of the Subscription and a written confirmation from a Shareholder holding approximately 56.83% in nominal value of the securities giving rights to attend and vote at a general meeting of the Company approving the Subscription has been obtained, the conditions stipulated under Rule 14.44 (1) & (2) of the Listing Rules are fulfilled. Pursuant to Rule 14.44 of the Listing Rules, no general meeting of Shareholders will be held to approve the Subscription.

By Order of the Board
CHAN Yiu Kwong
Executive Director

Hong Kong, 23 November 2004

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Cheung Yuk Fung, Mr. Kui Man Chun, Mr. Lo Siu Yu,
Mr. Xu Wensheng, Mr. Li Wenjin, Mr. Chan Yiu Kwong,
Mr. Su Terry Lumin, Mr. Xu Chang Jun and Mr. Zhou Jian

Independent non-executive Directors:

Mr. Tam Chun Fai, Mr. Xu Sitao and
Mr. Leung Wai Man, Roger

* For identification purpose only