

## **Chairman's Statement**

I am pleased to present the operating results of Sunny Global Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 30 September 2002. This is the first annual report since the Company became publicly listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 3 July 2002.

The Group is principally engaged in the design, manufacture and sale of a wide range of leisure and athletic footwear. The Group's products are manufactured under its own design and are either sold on an ODM basis, i.e. without designated brand names or labeled with the customers' brand names, or under the Group's own brand name "Nymis", which has over 10 years' history in the PRC.

The Group operates its own manufacturing facilities in Jinjiang, Fujian Province, the PRC with a total site area of about 7,112 sq.m. and a total gross floor area of about 5,473 sq.m..

During the year under review, the Group recorded a turnover of approximately HK\$433.5 million, representing an increase of approximately 40% as compared to the previous year. The Group's profit attributable to shareholders amounted to approximately HK\$34.3 million, representing approximately 28% increase over the corresponding period of the previous year.

It was very challenging in the year 2001/2002 given the prevailing economic uncertainty which was heightened by the catastrophe happened on 11 September 2001. The Group were operating cautiously throughout the year while continued to maintain growth in turnover as a result of putting much effort in introducing its products to the existing and potential customers, providing high quality and wide range of products to secure orders from customers.

It is expected that the worldwide demand for leisure and athletic footwear will continue to grow, which could offer substantial market potential for the Group's products. With China's accession into the World Trade Organisation and its successful bidding for the 2008 Olympic Games, opportunities for international trade bound to and from the PRC will increase. Nevertheless, competition within the industry will be very keen, which may have pressure on the product price and profit margin of the Group.

In the year ahead, the Group will put in resources for the expansion of the production capacity of the Group by constructing new factory premises adjacent to its existing production facilities and acquiring additional machinery and equipment for production. With the increase in production capacity, the Group will further strengthen its ability to meet the growing demand for its products.

On behalf of the Board, I would like to take this opportunity to express our appreciation and gratitude to all staff for their support, hard work and dedication over the year. I would also like to express our sincere thanks to our shareholders, investors and customers for their continued encouragement and strong support to the Group.

**Lee Man Fa**

*Chairman*

Hong Kong, 21 January 2003