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SUNNY GLOBAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

PROPOSED RIGHTS ISSUE OF 618,000,000 SHARES ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY TWO EXISTING SHARES HELD AND INCREASE IN AUTHORISED SHARE CAPITAL AND GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES

Financial Adviser to Sunny Global Holdings Limited

**Deloitte & Touche
Corporate Finance Ltd**

The Company proposes to raise approximately HK\$61.8 million, before expenses, by issuing 618,000,000 Rights Shares at a price of HK\$0.10 per Rights Share, representing approximately 150% and 60% of the existing issued share capital of the Company and the enlarged issued share capital of the Company immediately following completion of the Rights Issue respectively. The Rights Issue is fully underwritten by the Underwriters as to 436,500,000 Shares.

The Company will provisionally allot three Rights Shares in nil-paid form for every two existing Shares held by Qualifying Shareholders. The Rights Issue is only available to Qualifying Shareholders.

As at the date of this announcement, the Substantial Shareholder is beneficially interested in 121,000,000 Shares, representing approximately 29.37% of the existing issued share capital of the Company. The Substantial Shareholder has given an irrevocable undertaking in favour of the Company and the Underwriters to accept and subscribe in full his entitlement to 181,500,000 Rights Shares, representing approximately 29.37% of the total Rights Shares which will be provisionally allotted to him pursuant to the Rights Issue.

The net proceeds of the Rights Issue estimated to be approximately HK\$60 million will be used as to approximately HK\$20 million for working capital of the Company and as to approximately HK\$40 million for strategic acquisition to enhance its IT business.

The Rights Issue is subject to the conditions set out below under the section headed "Conditions of the Rights Issue". In particular, the Rights Issue is conditional, amongst other things, the approval at the SGM of the increase in the authorised share capital of the Company, the approval by the Shareholders of the Rights Issue at the SGM and the Underwriting Agreement not being terminated in accordance with its terms. Pursuant to the Underwriting Agreement, the Rights Issue is fully underwritten by TIS Securities (HK) Limited, Taifair Securities Ltd. and Karl-Thomson Securities Company Limited.

The Underwriting Agreement contains provisions granting the Underwriters the right to terminate the Underwriting Agreement if certain things (including force majeure) happen on or prior to 4:00 p.m. on the third business day following the last day for acceptance of provisional allotments. Details of such events are set out in the section headed "Termination of the Underwriting Agreement" below.

The last day of dealing in the Shares on a cum-rights basis is Wednesday, 10 March 2004. Existing Shares are expected to be dealt with on an ex-rights basis from Thursday, 11 March 2004. Rights Shares are expected to be dealt with in their nil-paid form from Thursday, 18 March 2004 to Tuesday, 30 March 2004 (both days inclusive). If the Underwriters terminate the Underwriting Agreement (as referred to in the section headed "Termination of the Underwriting Agreement" below) or the conditions of the Rights Issue (as set out in the section headed "Conditions of the Rights Issue" below) cannot be fulfilled, the Rights Issue will not proceed.

Any dealing in Shares or Rights Shares in their nil-paid form between Thursday, 18 March 2004 to Tuesday, 30 March 2004 is accordingly at the investors' own risk. Investors may wish to seek professional advice in this regard.

To qualify for the Rights Issue, any transfer of Shares must be lodged for registration with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. on Friday, 12 March 2004.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 10:34 a.m. on 5 January 2004 pending the release of this announcement. The Company has made an application for the resumption of trading in the Shares with effect from 9:30 a.m. on 30 January 2004.

RIGHTS ISSUE

Issue statistics

Basis of Rights Issue	: three Rights Shares for every two existing Shares held on the Record Date by the Qualifying Shareholders
Number of existing Shares in issue	: 412,000,000 Shares
Number of Rights Shares	: 618,000,000 Rights Shares
Subscription price for the Rights Shares	: HK\$0.10 per Rights Share

As at the date of this announcement, the Company does not have any outstanding options, warrants or convertible securities.

Underwriters and financial adviser

TIS Securities (HK) Limited

Taifair Securities Ltd.

Karl-Thomson Securities Company Limited

The Underwriters and their beneficial owners are independent third parties not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

Deloitte & Touche Corporate Finance Limited has been appointed as the financial adviser to the Company in respect of the Rights Issue.

Qualifying Shareholders

The Company will send provisional allotment letters and forms of application for excess Rights Shares to Qualifying Shareholders only.

To qualify for the Rights Issue, a Shareholder must:

- be registered as a member of the Company on the Record Date; and
- has an address in Hong Kong, which appears on the register of members of the Company on the Record Date.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge transfers of Shares (with the relevant share certificates) with the Company's branch share registrars in Hong Kong by 4:00 p.m. on Friday, 12 March 2004. The Company's branch share registrars in Hong Kong is Computershare Hong Kong Investor Services Limited of Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Closure of register of members

The register of members of the Company will be closed from Monday, 15 March 2004 to Tuesday, 16 March 2004 (both days inclusive). No transfer of Shares will be registered during this period.

Subscription price for the Rights Shares

HK\$0.10 per Rights Share, payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for Rights Shares.

This price represents a discount of approximately 23% to the closing price of HK\$0.13 per Share as quoted on the Stock Exchange on 2 January 2004, being the last trading day prior to the suspension of trading in the Shares on 5 January 2004, a discount of approximately 29% to the average closing price of HK\$0.14 per Share for the 10 trading days up to and including 2 January 2004, and a discount of approximately 14% to the theoretical ex-rights price of HK\$0.11 per Share based on the closing price per Share on 2 January 2004. The subscription price was determined after arm's length negotiation between the Company and the Underwriters. The Directors consider that the subscription price is fair and reasonable as far as the Shareholders as a whole are concerned and in the interest of the Shareholders as a whole.

Each Rights Share has a nominal value of HK\$0.10.

Basis of provisional allotment

Three Rights Shares in nil-paid form for every two existing Shares held by a Qualifying Shareholder on the Record Date.

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Status of the Rights Shares

When allotted and fully paid, the Rights Shares will rank equally in all respects with the Shares in issue on, and holders of such Rights Shares will receive all future dividends and distributions which are declared, made or paid after, the date of allotment of the Rights Shares in their fully paid form.

Expected timetable

2004

Despatch of circular with notice of SGM	Friday, 20 February
Last day of dealings in Shares on the Stock Exchange on a cum-rights basis	Wednesday, 10 March
Commencement of dealings in Shares on the Stock Exchange on an ex-rights basis	Thursday, 11 March
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue	4:00 p.m. on Friday, 12 March
Latest time for lodging the form of proxy for the SGM	9:30a.m. on Sunday, 14 March
Register of members closed to determine eligibility for the Rights Issue (both days inclusive)	Monday, 15 March to Tuesday, 16 March
Record Date	Tuesday, 16 March
Expected date of the SGM	9:30a.m. on Tuesday, 16 March
Prospectus, provisional allotment letters and forms of application for excess Rights Shares to be posted on	Tuesday, 16 March
Register of members re-opens on	Wednesday, 17 March
First day of dealings in nil-paid Rights Shares on the Stock Exchange	Thursday, 18 March
Latest time for splitting nil-paid Rights Shares on the Stock Exchange	4:00 p.m. on Thursday, 25 March
Last day of dealings in nil-paid Rights Shares on the Stock Exchange	Tuesday, 30 March
Latest time for acceptance of and payment for provisional allotments under the Rights Shares and application for excess Rights Issue	4:00 p.m. on Friday, 2 April
Rights Issue expected to become unconditional	4:00 p.m. on Wednesday, 7 April
Announcement of result of acceptance of the Rights Issue to be published	Tuesday, 13 April
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares to be despatched on or before	Wednesday, 14 April
Certificates for fully-paid Rights Shares to be despatched on or before	Wednesday, 14 April
Dealings in fully-paid Rights Shares on the Stock Exchange to commence on	Friday, 16 April
Dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be exercised or varied by agreement between the Company and the Underwriters. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.	

Share certificates

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected by Wednesday, 14 April 2004 to be posted to those who have accepted and (where applicable) applied for, and paid for the Rights Shares at their own risk.

Rights of Non-Qualifying Shareholders

Documents to be issued in connection with the Rights Issue will not be registered under the applicable securities legislation of any jurisdictions other than Hong Kong and (where required) Bermuda. No provisional allotment of Rights Shares will be made to Non-Qualifying Shareholders. The Company will send the Prospectus to Non-Qualifying Shareholders for their information only. The Company will not send provisional allotment letters or forms of application for excess Rights Shares to Non-Qualifying Shareholders.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. Any proceeds of each sale, after deduction of expenses, will be distributed in Hong Kong dollars to the relevant Non-Qualifying Shareholders except that individual amounts of less than HK\$100 will be retained by the Company.

Fractional entitlements

Any fractional entitlement to the Rights Shares will not be allotted to the Shareholders but will be aggregated and sold and retained for the benefit of the Company, if a premium (net of expenses) can be obtained.

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Applications for excess Rights Shares

Qualifying Shareholders may apply for any unsold entitlements of Non-qualifying Shareholders, and any Rights Shares provisionally allotted but not accepted by Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application may be made by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. In the event that the Right Shares are oversubscribed, the Directors will allocate excess Rights Shares at their discretion, but on a fair and reasonable basis, and will give preference to topping-up odd lots to whole board lots. In the event that the Right Shares are under-subscribed, the Underwriters will underwrite the Right Shares not taken up by the Qualifying Shareholders according to the terms and conditions set out in the Underwriting Agreement.

The Substantial Shareholder has indicated that it has no intention to apply for any excess Rights Shares.

Listing and dealings

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Rights Shares in both nil-paid and fully-paid forms.

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty in Hong Kong.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Date	: 29 January 2004
Underwriters	: TIS Securities (HK) Limited Taifair Securities Ltd. Karl-Thomson Securities Company Limited
Number of Rights Shares underwritten	: 436,500,000 Rights Shares
Commission	: 1.5% of the total issue price of the Rights Shares underwritten by the Underwriters

Pursuant to the Underwriting Agreement, the Underwriters will underwrite on a several basis in the proportion as set out below:

Name of Underwriters	Number of Shares	Percentage
TIS Securities (HK) Limited	170,000,000	38.95%
Taifair Securities Ltd.	106,500,000	24.40%
Karl-Thomson Securities Company Limited	160,000,000	36.66%
Total	<u>436,500,000</u>	<u>100.00%</u>

The Substantial Shareholder

As at the date hereof, the Substantial Shareholder is beneficially interested in 121,000,000 Shares, representing approximately 29.37% of the existing issued share capital of the Company. The Substantial Shareholder has given an irrevocable undertaking in favour of the Company and the Underwriters to accept and subscribe in full his entitlement to 181,500,000 Rights Shares, representing approximately 29.37% of the total Rights Shares which will be provisionally allotted to him pursuant to the Rights Issue.

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue (assuming all Shareholders have fully subscribed for their entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming none of the Shareholders, other than the Substantial Shareholder has subscribed for its entitlements under the Rights Issue)	
	Shares	%	Shares	%	Shares	%
the Substantial Shareholder	121,000,000	29.37	302,500,000	29.37	302,500,000	29.37
the Underwriters	–	–	–	–	436,500,000	42.38
other public	291,000,000	70.63	727,500,000	70.63	291,000,000	28.25
Total	<u>412,000,000</u>	<u>100.00</u>	<u>1,030,000,000</u>	<u>100.00</u>	<u>1,030,000,000</u>	<u>100.00</u>

Termination of the Underwriting Agreement

Each of the Underwriters reserves the right to terminate the arrangements as set out in the Underwriting Agreement which shall be exercisable by notice in writing given jointly by the Underwriters to the Company at any time prior to 4:00 p.m. (Hong Kong time) on the third business day immediately following the last day of acceptance of provisional allotments under the Rights Issue and payment for the Rights Shares, being 8 April 2004 (or such other time or date as the Company and the Underwriters may agree in writing), if:

1. the occurrence of the following events would, in the joint reasonable opinion of the Underwriters, materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or otherwise makes it inexpedient or inadvisable for the Company or the Underwriters to proceed with the Rights Issue:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation or any material change in the judicial interpretation or application thereof or other occurrence of any nature whatsoever; or
 - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event of change in relation to or a development of an existing state of affairs) of a political, military, financial, regulatory, economic, currency or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict) resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in political, economic or stock market conditions; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or
 - (d) a change or development involving a prospective material change in taxation in Hong Kong or Bermuda or the implementation of exchange controls which shall or might materially adversely affect the Company; or
 - (e) the occurrence of any material change in market conditions, taxation or exchange control or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities); or
 - (f) any material change in the conditions of local, national or international securities markets; or
2. the Underwriters shall receive notification pursuant to the Underwriting Agreement or shall otherwise become aware of the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement and the Underwriters shall, in their joint reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights issue; or
3. any change occurs in the circumstances of the Company or any member of the Group which would materially and adversely affect the business, financial or trading position or prospects of the Group as a whole; or
4. the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission would have a material and adverse effect on the business, financial or trading position of the Group as a whole; or
5. the occurrence of any event, or series of events, beyond the control of the Underwriters (including, without limitation, acts of government, strike, lock-outs, fire, explosion, flooding, civil commotion, acts of war or acts of God) which in the reasonable opinion of the Underwriters has or would have the effect of making any part of the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Rights Issue or pursuant to the underwriting thereof.

Upon the giving of notice of termination, all obligations of the Underwriters under the Underwriting Agreement shall cease and no party shall have any claims against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriters such fees as may then be agreed between the Underwriters and the Company, and that the Company shall on demand indemnify each of the Underwriters and its directors, officers and employees and hold each of the Underwriters and its respective directors, officers and employees indemnified against all loss or liability of any nature suffered by it (including, without limitation, claims, costs, charges and expenses) whatsoever arising from or in respect of certain events as provided for in the Underwriting Agreement. If the Underwriters exercise such right and terminates the Underwriting Agreement, the Rights Issue will not proceed.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon, inter alia, each of the following events happening on or before the time and dates specified as follows (or such other time or date as the Company and the Underwriters may agree):

- the approval at the SGM of the increase in the authorised share capital of the Company from HK\$100,000,000 to HK\$500,000,000 on or prior to the Acceptance Date;
- the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms on or prior to 4:00 p.m. on the third business day after the Acceptance Date;

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- the approval of the Rights Issue by the Shareholders who are permitted to vote under the Listing Rules, the Companies Act 1981 of Bermuda and the bye-laws of the Company at the SGM on or prior to the Acceptance Date;
- (where required) the granting by the Bermuda Monetary Authority of the permission for the issue of the Rights Shares on or prior to the Prospectus Posting Date; and
- the filing and/or registration of all relevant documents in relation to the Rights Issue by the Company with the Registrar of Companies in Hong Kong and (if required) in Bermuda on or prior to the Prospectus Posting Date.

In the event that the conditions have not been satisfied and/or waived in whole or in part by the Underwriters in writing on or before the time and dates specified therein (or such other date as the Company and the Underwriters may mutually agree), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other parties.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

Existing Shares are expected to be dealt with on an ex-rights basis from Thursday, 11 March 2004. Rights Shares are expected to be dealt with in their nil-paid form from Thursday, 18 March 2004 to Tuesday, 30 March 2004, both days inclusive. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any person contemplating buying or selling of Shares from now up to the date on which all the conditions of the Rights Issue are fulfilled and the date on which the Underwriters' right of terminating the Underwriting Agreement ceases (which is expected to be 8 April 2004), and any person contemplating buying or selling of nil-paid Rights Shares from Thursday, 18 March 2004 to Tuesday, 30 March 2004 (both days inclusive), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Investors are recommended to obtain professional advice regarding dealings in Shares or nil-paid Rights Shares during these periods.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company and its subsidiaries are principally engaged in footwear manufacturing in Hong Kong and the PRC and IT business such as the provision of system integration services and the development of IT infrastructure network for school projects in the PRC.

The Directors consider that it is the best interest of the Company to raise capital from the equity market by way of the Rights Issue which allows all Qualifying Shareholders, subject to the arrangement mentioned above, the opportunity to participate in the growth of the Company by enhancing the capital base and strengthening the cash flow of the Company. Although the price of the Rights Shares represents a discount to the market price of the Shares and there is a shareholding dilution, the Directors are of the view that given the low trading volume, it is not easy for the Company to secure a sizeable fund raising exercise given that the Company did not have any fund raising exercise in the year 2003.

The Directors have considered a number of alternatives to raise funds for the Group, such as the placing of new Shares and bank borrowings. In view of the current market conditions, the recent economic climate and the higher gearing ratio that would result from bank borrowings, the Directors consider that it is more prudent to finance the Group's long term growth with long term funding, preferably in the form of equity. In addition, raising funds by way of a rights issue is preferred as it enables the Group to obtain additional resources through capital contribution by existing Shareholders' interests in the Company. As the Rights Issues allows all Shareholders to maintain their respective pro-rata shareholdings in the Company, the Directors consider that it is in the interests of the Company and the Shareholders as a whole, to raise capital through the proposed Rights Issue.

The Rights Issue offers all the Shareholders the right to subscribe for Shares on an equal basis at a low price. The net proceeds of the Rights Issue is estimated to be approximately HK\$60 million and as to approximately HK\$20 million will be used for general working capital of the Company and as to the balance of approximately HK\$40 million will be used for strategic acquisition to enhance its IT business. In view of the current market changes and the keen competition within the footwear industry, the Directors consider that the expansion of its IT business will enhance the Group's revenue stream and earning base.

The Company intends to apply an amount of approximately HK\$20 million of the net proceeds from the Rights Issue together with the amount of approximately HK\$19 million cash on hand as general working capital for the support of the Group's business in footwear manufacturing and IT infrastructure network for school projects in the PRC. It is estimated that approximately HK\$15 million will be used as working capital for the support of Chinaway Network Technology Ltd. (as referred to in the announcement of the Company dated 30 September 2003) in 2004 and HK\$24 million will be used as the general working capital of the Group. Chinaway Network Technology Ltd., a wholly owned subsidiary of the Company, is a limited company incorporated in Hong Kong principally engaged in the provision of system integration services and the development of IT infrastructure network for school projects in the PRC. Chinaway Network Technology Ltd. commenced its operation in 2003 and had completed a few school projects in the Guizhou province during the year 2003. Chinaway Network Technology Ltd. is currently finalising the technical specifications for several other school projects in the Guizhou province and such projects are expected to commence in the first quarter of 2004.

The Company also intends to apply approximately HK\$40 million of the net proceeds for an IT related investment of similar size of Chinaway Network Technology Ltd. The total consideration for the acquisition of the entire interest in Chinaway Network Technology Ltd. was HK\$35 million. However, as at the date of this announcement, no potential acquisition targets have been identified yet. If any of the investments is materialized, the Company will make appropriate disclosure and/or obtain Shareholders' approval in accordance with the provisions of the Listing Rules.

Save for the share options granted under the share option scheme of the Company, the Company did not conduct any fund raising activities or share dilution exercise in the past year (i.e. 2003).

The estimated fees and expenses in relation to the Rights Issue amount to approximately HK\$1.8 million.

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GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES

In connection with the enlarged share capital as a result of the Rights Issue, the Directors will seek the approval of Shareholders at the SGM for the grant of a general mandate to issue further securities not exceeding 20% of the share capital as enlarged by the Rights Issue and to issue further securities repurchased by the Company pursuant to the repurchase mandate referred to below.

The Directors will also seek the approval of Shareholders to grant to the Directors a general mandate to repurchase securities up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following the Rights Issue.

INCREASE IN AUTHORISED SHARE CAPITAL

In order to facilitate the Rights Issue and to assist in the future expansion of the Company, the Company proposes to increase its authorised share capital from HK\$100,000,000 to HK\$500,000,000 by the creation of an additional 4,000,000,000 new Shares, subject to the approval of the Shareholders at the SGM. Save for the new Shares to be issued pursuant to the Rights Issue, the Directors have no present intention to issue any Shares.

GENERAL

Under the proposed Rights Issue, the Company will issue more than 50% of its existing issued share capital. Pursuant to the requirements of the Listing Rules, the proposed Rights Issue is conditional on the approval by Shareholders at the SGM by an ordinary resolution.

At the SGM, ordinary resolutions will be proposed to approve (i) the Rights Issue, (ii) the general mandates to issue and repurchase securities and (iii) an increase in the authorised share capital of the Company. A circular of the Company containing, inter alia, details of the Rights Issue, the general mandates to issue and repurchase securities and the increase in the authorised share capital of the Company together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 10:34 a.m. on 5 January 2004 pending the release of this announcement. The Company has made an application for the resumption of trading in the Shares with effect from 9:30 a.m. on 30 January 2004.

DEFINITIONS

“Acceptance Date”	2 April 2004 (or such other date as agreed between the Company and the Underwriters) being the date of acceptance and payment of the Rights Shares
“associate”	has the meaning ascribed thereto in the Listing Rules
“Company”	Sunny Global Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	Shareholder(s) other than the Qualifying Shareholders
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Posting Date”	16 March 2004 (or such other date as agreed between the Company and the Underwriters), being the date of despatch of the Prospectus
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown in the register of members of the Company on that date is/are in Hong Kong
“Record Date”	16 March 2004
“Rights Issue”	the proposed issue of the Rights Shares at a price of HK\$0.10 per Rights Share
“Rights Shares”	618,000,000 new shares to be issued under the Rights Issue
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, amongst other things, the Rights Issue, the general mandates to issue and repurchase securities and, the increase in the authorised share capital of the Company
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	Mr Lee Man Fa, Chairman, executive Director and the single largest Shareholder who is interested in 121,000,000 Shares at the date of this announcement, representing approximately 29.37% of the existing issued share capital of the Company

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“Underwriters”	TIS Securities (HK) Limited, Taifair Securities Ltd. and Karl-Thomson Securities Company Limited, which are independent third parties not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries and their respective associates
“Underwriting Agreement”	the underwriting agreement dated 29 January 2004 entered into between the Company and the Underwriters in relation to the Rights Issue
“HK\$”	Hong Kong dollars
“%”	per cent.

By Order of the Board
Sunny Global Holdings Limited
Lee Man Fa
Chairman

Hong Kong, 29 January 2004

Please also refer to the published version of this announcement in The Standard dated on 30-1-2004.