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SUNNY GLOBAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock code: 1094)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION OF INTEREST IN A JOINT VENTURE IN THE PROVISION OF SYSTEM INTEGRATION, TELECOMMUNICATION AND SOFTWARE DEVELOPMENT SERVICES

The Board is pleased to announce that on 2 June 2004, the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Memorandum of Understanding for the proposed acquisition from the Vendor of the entire issued share capital of Excel Star Technology which holds 51% interest in the JV Company. The JV Company is a Sino-foreign equity joint venture enterprise established in the PRC which is principally engaged in the provision of system integration, telecommunication and software development services in the PRC.

The Memorandum of Understanding does not constitute the parties' legally binding commitment in respect of the Proposed Acquisition. The Proposed Acquisition is subject to the execution and completion of the Formal Agreement in relation thereto by the parties.

The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. As the Proposed Acquisition may or may not be entered into, investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

THE MEMORANDUM OF UNDERSTANDING

Date: 2 June 2004

Parties: Silky Limited (as the Vendor). The Vendor and its associates are independent of and not connected with the Company, the directors, chief executives and substantial shareholders of the Company and its subsidiaries and their respective associates (as defined in the Listing Rules)

Open Challenge Group Limited (as the Purchaser), a wholly-owned subsidiary of the Company

The Proposed Acquisition

The Purchaser has entered into the Memorandum of Understanding for the proposed acquisition from the Vendor of the entire issued share capital of Excel Star Technology which holds 51% interest in the JV Company. Excel Star Technology is an investment holding company and the JV Company is its sole asset. As at the date of this announcement, Excel Star Technology is wholly owned by the Vendor and the JV Company is owned as to 51% by Excel Star Technology, as to 30% by 中國嘉興實通光通信設備有限公司 (China Jia Xing Shi Tong Guang Tong Xin She Bei Limited) and as to 19% by 上海易視佳通訊服務有限公司 (Shanghai Yi Shi Jia Tong Xun Fu Wu Limited), each of which is independent of and not connected with the Company, the directors, chief executives and substantial shareholders of the Company and its subsidiaries and their respective associates (as defined in the Listing Rules). The JV Company commenced its operation immediately after its establishment in October 2003 in the PRC as a Sino-foreign equity enterprise. The JV Company is principally engaged in the provision of system integration, telecommunication and software development services in the PRC.

The consideration of the Proposed Acquisition will be agreed between the Purchaser and the Vendor and based on the Purchaser's assessment of the business and prospect of the JV Company. The consideration will not exceed HK\$15,000,000. If the Company proceeds with the Proposed Acquisition, it may constitute a discloseable transaction for the Company.

The Memorandum of Understanding does not constitute the parties' legally binding commitments as to the Proposed Acquisition.

REASON FOR THE PROPOSED ACQUISITION

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 labelled with the customers' brand names), or under the Group's own brand name "Nymis", which has over 10 years of history in the PRC. The Group is also engaged in information technology business such as the provision of system integration services and the development of information technology infrastructure network for school projects in the PRC.

The Company has been reviewing various investment opportunities with an aim to strengthen the quality of its investment portfolio and improve the overall financial performance of the Company. The Directors believe that the Proposed Acquisition is in line with the strategy of the Group. In assessing the Proposed Acquisition, the Directors have considered the existing market environment and growth potential of the system integration business in the PRC market. The Directors are of the view that the Proposed Acquisition would represent a good opportunity for the Group to further expand its existing business in the provision of system integration services.

The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. As the Proposed Acquisition may or may not be entered into, investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

As at the date of this announcement, Messrs. Lee Man Fa, Lin Huis Sheng, Kwok Ming Fai and Tai King Foon are the executive directors of the Company and Messrs. Chan Kin Kee and Kan Siu Lun are the independent non-executive directors of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

"Board"	the board of Directors
"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
"Excel Star Technology"	Excel Star Technology Limited, a company incorporated in the British Virgin Islands with limited liability which holds 51% interest in the JV Company
"Formal Agreement"	a sale and purchase agreement which may or may not be entered into between the Purchaser and the Vendor in relation to the Proposed Acquisition
"Group"	the Company together with its subsidiaries
"JV Company"	嘉興易視佳通訊有限公司 (Jia Xing Yi Shi Jia Tong Xun Limited), a Sino-foreign equity joint venture enterprise established in the PRC
"Memorandum of Understanding"	the memorandum of understanding dated 2 June 2004 entered into between the Purchaser and the Vendor setting out the basic understanding in relation to the Proposed Acquisition
"Proposed Acquisition"	the proposed acquisition of the entire issued share capital of Excel Star Technology from the Vendor by the Purchaser

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan)
“Purchaser”	Open Challenge Group Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Silky Limited, a company incorporated in Samoa with limited liability
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

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

Hong Kong, 2 June 2004

Please also refer to the published version of this announcement in The Standard.