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SUNNY GLOBAL HOLDINGS LIMITED

新怡環球控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1094)

DISCLOSEABLE TRANSACTION

ACQUISITION OF INTEREST IN A JOINT VENTURE IN THE PROVISION OF SYSTEM INTEGRATION, TELECOM-RELATED AND SOFTWARE DEVELOPMENT SERVICES

The Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor on 24 September 2004 to acquire the entire issued share capital of Excel Star Technology for a cash consideration of HK\$13,000,000 (subject to downward adjustment).

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, amongst others, details of the Agreement will be sent to the shareholders of the Company as soon as practicable.

Reference is made to the announcement of the Company dated 2 June 2004 relating to the memorandum of understanding dated 2 June 2004 entered into between a wholly-owned subsidiary of the Company and the Vendor in relation to possible acquisition of the entire issued share capital of Excel Star Technology.

AGREEMENT DATED 24 SEPTEMBER 2004

Parties

Vendor: Silky Limited. So far as the Directors are aware of after making reasonable enquiries, Silky Limited is an investment holding company and the Vendor and its ultimate beneficial owners and associates are independent of the Group and its connected persons (as defined in the Listing Rules) and are not connected persons of the Group (as defined in the Listing Rules)

Purchaser: Appraise Asia Investments Limited, a wholly-owned subsidiary of the Company

The Acquisition

Under the Agreement, the Purchaser agreed to acquire from the Vendor the entire issued share capital of Excel Star Technology which holds a 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 the Agreement, Excel Star Technology was wholly owned by the Vendor and the JV Company was owned as to 51% by Excel Star Technology, as to 30% by 嘉興實通光通信設備有限公司 (Jia Xing Shi Tong Guang Tong Xin She Bei Limited) and as to 19% by 上海易視佳通信有限公司 (Shanghai Yi Shi Jia Tong Xun Limited) (collectively, the “**JV Shareholders**”), each of which is independent of the Group and its connected persons (as defined in the Listing Rules) and is not a connected person of the Group (as defined in the Listing Rules).

Consideration

The consideration for the Acquisition is HK\$13,000,000 (subject to downward adjustment), which will be settled by internal resources and payable by cash at Completion. In the event that the audited net tangible asset value of the JV Company as at 31 December 2004 as shown in the JV Audited Accounts is less than RMB1,961,000 (equivalent to approximately HK\$1,868,000) (being the unaudited net tangible asset value of the JV Company as at 31 July 2004), the consideration will be adjusted downwards on a dollar for dollar basis at the exchange rate of HK\$1.00 to RMB1.05. The consideration is not subject to any upward adjustment. Any downward adjustment to the consideration will be payable by the Vendor to the Purchaser in cash within six months from the date of issue of the JV Audited Accounts.

The consideration was arrived at after arm's length negotiation between the parties and is on normal commercial terms. The consideration was determined by the parties having regard to the valuation (the "Valuation") of a 51% equity interest in the JV Company as at 31 August 2004 of HK\$13,000,000 as valued by Grant Sherman Appraisal Limited, a valuer which is independent of the Group and its connected persons (as defined in the Listing Rules) and is not a connected person of the Group (as defined in the Listing Rules). Such valuation of the JV Company was based on the discounted cash flow method. The Valuation was based on the principal assumptions that, including but not limited to, (i) there will be no major changes in the existing political, legal, fiscal and economic conditions in the PRC and in the current taxation law in the PRC in which the JV Company operates; (ii) the JV Company will successfully negotiate and enter into legally binding service contracts with potential clients such that its future revenues as projected under the Valuation can be realized; and (iii) industry trends and market conditions for related industries will not deviate significantly from economic forecasts. The Company's reporting accountants have confirmed that they have reviewed the accounting policies and calculation relating to the Valuation. The board of Directors has confirmed that the Directors have carried out due and careful enquiry in respect of the Valuation.

The Directors are of the view that the terms of the Agreement including the consideration are fair and reasonable so far as the shareholders are concerned and are in the interests of the Company and its shareholders as a whole.

Conditions

Completion is conditional on, among other things, (i) the Purchaser being satisfied with the results of the due diligence review on the business, operation and assets of Excel Star Technology and the JV Company; (ii) the Purchaser being satisfied with a legal opinion duly issued by a law firm practising in the PRC in respect of the JV Company; and (iii) all necessary consents required (if any) in relation to the Acquisition being granted by third parties (including governmental or official).

If any of the above conditions is not satisfied or waived (in respect of conditions (i) and (ii) only) by 26 October 2004 (or such other date as the parties may agree), the Agreement will lapse.

The Agreement will be completed on the third business day after fulfilment of the conditions or such other date as the parties may agree. The expected date of completion shall be on or before 29 October 2004.

REASON FOR THE 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 Directors are of the view that the Acquisition would represent a good opportunity for the Group to further expand its existing business in the provision of system integration services. The Acquisition provides synergies to the Group and strengthens the network platform of the Group for its information technology infrastructure businesses in the PRC. Given the potentials of the system integration business in the PRC market, the Company shall continue to explore any opportunities for the development and investment of the information technology infrastructure businesses of the Group in the PRC. The Directors shall continue to review business opportunities with an aim to strengthen the quality of the investment portfolio and improve the overall financial performance of the Company.

DESCRIPTION OF EXCEL STAR TECHNOLOGY

Excel Star Technology was incorporated in the British Virgin Islands as an investment holding company which holds a 51% interest of the JV Company as its sole asset. Based on the unaudited consolidated management accounts of Excel Star Technology as at 31 July 2004, it recorded a revenue of approximately HK\$747,000 and a net loss of approximately HK\$173,000 for the period from 13 August 2002, being the date of its incorporation, to 31 July 2004, and the unaudited consolidated total asset value and the unaudited consolidated net tangible asset value of Excel Star Technology were approximately HK\$2,870,000 and approximately HK\$838,000 respectively.

DESCRIPTION OF THE JV COMPANY

The JV Company is a Sino-foreign equity joint venture enterprise established in the PRC in October 2003 by the JV Shareholders. The JV Company has a total investment amount of HK\$2,000,000 and a registered capital of HK\$2,000,000, which has been fully paid up by the JV Shareholders. Based on the unaudited management accounts of the JV Company as at 31 July 2004, it recorded a net loss of approximately RMB172,000 (equivalent to approximately HK\$164,000) for the period from its date of incorporation to 31 July 2004, and the unaudited total asset value and the unaudited net tangible asset value of the JV Company were approximately RMB1,985,000 (equivalent to approximately HK\$1,890,000) and approximately RMB1,961,000 (equivalent to approximately HK\$1,868,000) respectively.

The JV Company is principally engaged in the provision of system integration, telecom-related and software development services in the PRC.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. Accordingly, a circular containing further details of the Acquisition will be despatched to the shareholders of the Company as soon as practicable.

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. Kan Siu Lun and Liu Kwok Wah 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:

“Acquisition”	the acquisition of the entire issued share capital of Excel Star Technology by the Purchaser pursuant to the Agreement
“Agreement”	the sale and purchase agreement between the Purchaser and the Vendor dated 24 September 2004 in relation to the Acquisition
“Company”	Sunny Global Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“JV Audited Accounts”	the audited financial statements of the JV Company for the period from its date of incorporation to 31 December 2004, as prepared and issued by a firm of certified public accountants in the PRC

“JV Company”	嘉興易視佳通訊有限公司 (Jiaxing Easeful Communication Co., Ltd.), a Sino-foreign equity joint venture enterprise established in the PRC
“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, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan)
“Purchaser”	Appraise Asia Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Silky Limited, a company incorporated in Samoa with limited liability

In this announcement, the exchange rate of HK\$1.00 to RMB1.05 is used.

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

Hong Kong, 24 September 2004

* *For identification purpose only*

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