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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

A letter from the board of directors of Sunny Global Holdings Limited is set out on pages 4 to 11 of this circular.

5 June 2007

* *for identification purposes only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreement”	the conditional sale and purchase agreement dated 10 May 2007 entered into between Joy Century, Mr. Ngai and New Concept in relation to the sale and purchase of the Sale Shares
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Sunny Global Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement on 2 June 2007
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Consideration Shares”	200,000,000 new Shares to be allotted and issued by the Company as the consideration for the Proposed Acquisition
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 March 2007, pursuant to which a maximum of 389,600,000 new Shares may fall to be allotted and issued
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interactive Broadband”	Interactive Broadband Services Limited, a company incorporated in Hong Kong with limited liability
“Issue Price”	the issue price of HK\$0.164 per Consideration Share

DEFINITIONS

“Joy Century”	Joy Century Holdings Limited, a company incorporated in Samoa with limited liability, a wholly owned subsidiary of the Company and the purchaser of the Sale Shares
“Latest Practicable Date”	1 June 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 27 April 2006 entered into between Joy Century, Mr. Ngai and New Concept and setting out the basic understanding in relation to the Proposed Acquisition
“Mr. Ngai”	Ngai Tin Yee, the vendor of the Mr. Ngai Sale Shares
“Mr. Ngai Sale Shares”	5,000 shares of HK\$1.00 each in the share capital of Interactive Broadband, which are legally and beneficially owned by Mr. Ngai
“New Concept”	New Concept Management Limited, a company incorporated in the British Virgin Islands with limited liability, is wholly and beneficially owned by Mr. Ngai and the vendor of the New Concept Sale Shares
“New Concept Sale Shares”	5,000 shares of HK\$1.00 each in the share capital of Interactive Broadband, which are legally and beneficially owned by New Concept
“Proposed Acquisition”	the proposed acquisition of the Sale Shares by Joy Century as contemplated under the MOU and the Agreement
“Sale Shares”	the Mr. Ngai Sale Shares and the New Concept Sale Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company

DEFINITIONS

“Share Option Scheme”	share option scheme adopted by the Company on 12 June 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



SUNNY GLOBAL HOLDINGS LIMITED
新怡環球控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1094)

Executive Directors:

Mr. Too Shu Wing (*Chairman*)

Mr. Yan Wa Tat

Mr. Tai King Foon

Independent non-executive Directors:

Mr. Liu Kwok Wah

Mr. Chan Wai Ming

Mr. Tsui Pak Hang

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place of
business in Hong Kong:*

10B

Lee West Commercial Building

375-379 Hennessy Road

Wanchai, Hong Kong

5 June 2007

To the Shareholders

Dear Sir or Madam

DISCLOSEABLE TRANSACTION

INTRODUCTION

Reference is made to the announcements of the Company dated 27 April 2007 and 14 May 2007 respectively. On 27 April 2007, the Board announced that Joy Century, a wholly owned subsidiary of the Company, entered into the MOU with Mr. Ngai and New Concept in relation to the Proposed Acquisition of the Sale Shares. On 14 May 2007, the Board announced that Joy Century entered into the Agreement with Mr. Ngai and New Concept to acquire the Sale Shares for a total consideration of HK\$32,800,000.

The Proposed Acquisition constitutes a discloseable transaction on the part of the Company under Rule 14.06 of the Listing Rules.

The purpose of this circular is to provide you with further information regarding the Proposed Acquisition.

* *for identification purposes only*

LETTER FROM THE BOARD

THE AGREEMENT

Date: 10 May 2007

Parties:

Purchaser: Joy Century

Vendors: Mr. Ngai
New Concept

New Concept is a company incorporated in the British Virgin Islands for investment holdings and is wholly and beneficially owned by Mr. Ngai. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Mr. Ngai and New Concept is a third party independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Agreement, Joy Century has agreed to acquire and Mr. Ngai and New Concept have agreed to sell the Sale Shares, which in aggregate represent the entire issued share capital of Interactive Broadband at Completion.

Consideration

The total consideration for the Sale Shares is HK\$32,800,000 and shall be settled by Joy Century by procuring the Company to allot and issue the Consideration Shares at the Issue Price of HK\$0.164 per Consideration Share, credited as fully paid.

The Issue Price represents: (i) a premium of approximately 1.86% over the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on 10 May 2007, being the date of the Agreement; (ii) a premium of approximately 13.10% over the average of the closing prices of approximately HK\$0.145 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 10 May 2007, being the date of the Agreement; (iii) a premium of approximately 9.33% over the average of the closing prices of approximately HK\$0.150 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 10 May 2007, being the date of the Agreement; (iv) the average of the closing prices of approximately HK\$0.164 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 27 April 2006, being the date of the MOU; (v) a discount of approximately 28.07% to the closing price of HK\$0.228 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and (vi) a premium of approximately 368.75% over the net asset value per Share of approximately HK\$0.035 based on the audited consolidated financial statements of the Group as at 30 September 2006.

LETTER FROM THE BOARD

Interactive Broadband was valued by Grant Sherman Appraisal Limited, an independent valuer, at HK\$35,000,000 as at 30 April 2007 by adopting the income approach technique known as the discounted cash flow method to value Interactive Broadband. The income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the business enterprise than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent business enterprise with similar risk. Please also refer to Appendix I of this circular for further details of the valuation report.

The income approach explicitly recognises that the current value of an investment is premised upon the expected receipt of future economic benefits such as cost savings, periodic income, or sale proceeds. The discounted cash flow method was used in appraising the economic benefits of Interactive Broadband. In practice, the discounted cash flow approach consists of estimating future annual cash flows and individually discounting them to present value.

As the valuation of Interactive Broadband adopting the discounted cash flow approach is considered to be a profit forecast in respect of Interactive Broadband, (i) Cachet Certified Public Accountants Limited, the reporting accountants of the Company has confirmed that they have reviewed the accounting policies and calculations for the profit forecast; and (ii) Nuada Limited, the financial advisers of the Company has confirmed that they are satisfied that the forecast has been made by the Directors after due and careful enquiry. Please also refer to Appendix II of this circular for the comfort letters from Cachet Certified Public Accountants Limited and Nuada Limited.

The consideration was agreed between Joy Century, Mr. Ngai and New Concept after arm's length negotiation and in line with the valuation report prepared by Grant Sherman Appraisal Limited. The Directors (including the independent non-executive Directors), consider the payment terms of the consideration under the Agreement to be fair and reasonable.

Conditions precedent

Completion was subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares;
- (b) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Consideration Shares;
- (c) Joy Century being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of Interactive Broadband; and
- (d) all necessary consents and approvals required to be obtained on the part of Joy Century, Mr. Ngai and New Concept in respect of the Agreement and the transactions contemplated thereunder having been obtained.

LETTER FROM THE BOARD

Condition (c) above is waivable by Joy Century under the Agreement. All of the conditions have been fulfilled as the Latest Practicable Date.

Completion

Completion took place at 4:00 p.m. on 2 June 2007 after all the conditions of the Agreement have been fulfilled.

The Company issued the Consideration Shares on the date of Completion.

Mr. Ngai and New Concept have no current intention to appoint any representatives to the Board.

Long-stop date

If all of the conditions were not fulfilled (or as the case may be, waived by Joy Century) on or before 4:00 p.m. on 30 May 2007 (or such later date as Joy Century may agree), the Agreement would cease and determine.

THE CONSIDERATION SHARES

The 200,000,000 Consideration Shares was issued at an issue price of HK\$0.164 per Consideration Share, credited as fully paid. The Consideration Shares rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The 200,000,000 Consideration Shares was allotted and issued pursuant to the General Mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 March 2007. Immediately prior to the allotment and issue of the Consideration Shares, the General Mandate had been utilised as to 48,000,000 Shares upon the exercise of the subscription rights attaching to the 48,000,000 2008 non-listed warrants held by Rainbow Bridge Group Limited, being approximately 12.32% of the aggregate number of Shares which may be allotted and issued under the General Mandate and as to 130,000,000 Shares upon the exercise of the subscription rights attaching to the 130,000,000 2009 non-listed warrants held by Wellington International Invest Limited, being approximately 33.37% of the aggregate number of Shares which may be allotted and issued under the General Mandate. Please refer to the Company's announcement dated 10 April 2007 for further details regarding the above matters.

Based on the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on 10 May 2007, being the date of the Agreement, the Consideration Shares has a total value of HK\$32,200,000. Based on the closing price of HK\$0.228 per Share as quoted on the Stock Exchange on the Latest Practicable Date, the Consideration Shares has a total value of HK\$45,600,000.

LETTER FROM THE BOARD

The Consideration Shares represent approximately 9.61% of the issued share capital of the Company immediately prior to the allotment and issue of the Consideration Shares and approximately 8.76% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

There is no provision in the Agreement which restricts Mr. Ngai and New Concept from disposing of the Consideration Shares.

Application for listing

Application has been made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares. The conditional approval from the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Shares has been granted on 21 May 2007.

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) before Completion; and (ii) as at the Latest Practicable Date and after Completion and the allotment and issue of the Consideration Shares:

	Before Completion		As at the Latest Practicable Date and after Completion and the allotment and issue of the Consideration Shares	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Lam Shu Chung	358,000,000	17.20	358,000,000	15.69
Mr. Wong Kam Fat	225,000,000	10.80	225,000,000	9.86
Mr. Ngai	–	–	100,000,000	4.38
New Concept	–	–	100,000,000	4.38
Public Shareholders	<u>1,498,628,000</u>	<u>72.00</u>	<u>1,498,628,000</u>	<u>65.69</u>
Total:	<u>2,081,628,000</u>	<u>100.00</u>	<u>2,281,628,000</u>	<u>100.00</u>

BOARD REPRESENTATION OF THE GROUP

Prior to Completion, Mr. Ngai is the sole director of Interactive Broadband. Upon Completion, Mr. Ngai resigned as director of Interactive Broadband and Joy Century nominated Mr. Too Shu Wing and Mr. Yan Wa Tat to the board of Interactive Broadband.

LETTER FROM THE BOARD

INFORMATION ON INTERACTIVE BROADBAND

Interactive Broadband was incorporated on 16 December 1998 and is principally engaged in the provision of IP-based managed services, including VoIP telephony, video and data collaboration to broadband internet users. Interactive Broadband has commenced its business activities on 16 December 1998. It became dormant in April 2002 and resumed its operations in December 2005.

According to the unaudited management accounts of Interactive Broadband for the year ended 30 April 2006, the turnover was approximately HK\$19,000, the net loss before and after taxation and extraordinary items were approximately HK\$12,000.

As at 30 April 2006, the net liabilities of Interactive Broadband was approximately HK\$310,000, the principal assets of Interactive Broadband were cash at bank and application service equipment of approximately HK\$216,000 and HK\$338,000 and the principal liabilities of Interactive Broadband was loans of approximately HK\$789,000.

According to the unaudited management accounts of Interactive Broadband for the year ended 30 April 2007, the turnover was approximately HK\$1,426,000, the net profit before and after taxation and extraordinary items were approximately HK\$102,000.

As at 30 April 2007, the net liabilities of Interactive Broadband was approximately HK\$208,000, the principal assets of Interactive Broadband was application service equipment of approximately HK\$338,000 and the principal liabilities of Interactive Broadband was loans of approximately HK\$614,000.

REASONS FOR THE PROPOSED ACQUISITION

The Group is engaged in the design and trading of a wide range of leisure and athletic footwear. The Group is also engaged in the information technology business including the provision of system integration services, facility management services and information technology infrastructure network development in the People's Republic of China and Hong Kong.

The Group has experienced fierce competition from other competitors in the footwear industry. The difficult market conditions in the footwear industry have caused the Group to review and reposition its businesses. In this regard, the Directors have been identifying further investment opportunities in order to diversify its existing business and maximise the return of the Shareholders.

The demand for VoIP telephony and video and data collaboration application services is increasing exponentially in the global market. Interactive Broadband is launching its services globally by quickly extending its network coverage by forming alliance with strategic business partners, being the quickest and most cost efficient approach to grasp the global market. In this regard, the Directors consider that the market potential is huge for such services. The Proposed Acquisition will provide the Group with an opportunity to benefit from extending its information technology business globally through the existing and to be established business arms of Interactive Broadband. The Group and Interactive Broadband can share their facilities and resources to achieve a synergy effect to reduce the costs of

LETTER FROM THE BOARD

services of the Group. As the recently acquired 80% non-wholly owned subsidiary, DigiSat Network Limited, and Interactive Broadband have developed networks in South East Asia region and Southern hemisphere respectively, the Proposed Acquisition will immediately extend business coverage of the Group globally.

After considering the benefits of the Proposed Acquisition and the net loss and the net liabilities position of Interactive Broadband, the Board considers that Interactive Broadband has only recently resumed its business activities and the results of Interactive Broadband will improve in the next few years. In this regard, the Board is of the view that the benefits outweigh the disadvantages of the Proposed Acquisition, the terms of the Proposed Acquisition are fair and reasonable and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

The Group will retain the existing management of Interactive Broadband and will recruit additional staff with suitable experience and qualifications to manage the operation of Interactive Broadband.

Upon Completion, Interactive Broadband became a wholly owned subsidiary of the Company and the accounts of Interactive Broadband will be consolidated into the consolidated financial statements of the Group.

FINANCIAL EFFECTS ON THE GROUP

Assets and liabilities

Based on the unaudited management accounts of Interactive Broadband for the year ended 30 April 2007, both the consolidated total assets and total liabilities of the Group would increase as a result of the Proposed Acquisition and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares.

Earnings

The financial results of Interactive Broadband, as a wholly owned subsidiary, will be consolidated into the consolidated financial statements of the Group. While there is no immediate material impact on earnings of the Group as a result of the Proposed Acquisition, the Directors (including the independent non-executive Directors) expect that Interactive Broadband, as a wholly owned subsidiary of the Group, will enhance the earning base of the Group and contribute positively to the results of the Group.

LISTING RULES IMPLICATIONS

The Proposed Acquisition constitutes a discloseable transaction on the part of the Company under the Listing Rules.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board
Sunny Global Holdings Limited
Too Shu Wing
Chairman

The following is the text of a letter and valuation certificate, prepared for sole purpose of inclusion in this circular, received from the independent valuer Grant Sherman Appraisal Limited, in connection with its valuation as at 30 April 2007 of Interactive Broadband.

**GRANT SHERMAN APPRAISAL LIMITED**

Room 904
9th Floor, Harbour
Centre
25 Harbour Road
Wanchai
Hong Kong

30 April 2007

The Board of Directors
Sunny Global Holdings Limited
10B, Lee West Commercial Building
375-379 Hennessy Road, Wanchai
Hong Kong

Dear Sirs/Madams,

In accordance with your instructions, we have made an appraisal of the fair market value of a 100% equity interest in the business enterprise of Interactive Broadband Services Limited (“IBBS”). IBBS is principally engaged in developing and marketing professional multimedia and multipurpose web-based communications services.

Business enterprise value is defined for this appraisal as the total invested capital, excluding debts but including shareholders’ loans, and is equivalent to shareholders’ equity plus shareholders’ loans.

This letter identifies the asset appraised, describes the basis of valuation and assumptions, explains the valuation methodology utilized, and presents our conclusion of value. Excluded from this appraisal are real estate properties, machinery, equipment, supplies, stocks, current assets, current liabilities or any other intangible assets that may exist.

The purpose of this appraisal is to express an independent opinion of the fair market value of a 100% equity interest in IBBS as of April 30, 2007 (“the Appraisal Date”). It is our understanding that this appraisal report will be used by Sunny Global Holdings Limited (the “Company”) for acquisition purpose.

INTRODUCTION

The Company

The Company is incorporated in Bermuda and listed on the Stock Exchange of Hong Kong Limited (Stock Code: 1094). The Company and its subsidiaries (the “Group”) are principally engaged in the information technology business including the trading of information technology related hardware and software, provision of system integration services, facility management services and information technology infrastructure network development in the People’s Republic of China (“the PRC”) and Hong Kong. The Group is also engaged in the trading of footwear products which is facing fierce competition. Thus, the Group intends to reposition and strengthen itself to be an information technology enterprise.

IBBS

IBBS was established in 1998 with a mission to establish multiple Multimedia and target on bringing advanced technology applications into one-stop services. Currently, IBBS is principally engaged in developing and marketing professional, first class multimedia and multipurpose web-based communications services. IBBS provides a cost-effective solution by investing in and setting up IBBS Multimedia Operation Centers (MOCs) in multiple locations, so that the companies and even individual broadband internet users can share the core competences of video conferencing and data collaboration technologies.

As explained by the management (the “Management”) of IBBS, major target customers of IBBS are those small and medium enterprises (“SMEs”) that cannot afford or are not willing to pay high cost to subscribe or purchase other advanced tools with similar functions as IBBS’s products and services. On the contrary, they tend to be willing to afford a reasonable price for video conferencing with data collaboration functions to suit their daily needs of running their businesses through online group meeting, marketing and negotiation with remote working partners or customers. IBBS targets to develop its business in Hong Kong, which will serve as its starting point of marketing. In the future, it will extend its business to other parts of the world by seeking strategic partners in suitable locations.

BASIS OF VALUATION AND ASSUMPTIONS

We have appraised the business enterprise of IBBS on the basis of fair market value. Fair market value is defined as the estimated amount at which the business enterprise might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and with the buyer and seller contemplating retention of the business at its present location for continuation of current operations unless the break-up of the business or the sale of its assets would yield greater investment returns.

Our investigation included discussions with the Management in relation to the history, operations and prospects of the business, a review of the historical financial information and the financial projection (“the Projection”) including cash flow and profit & loss projection for a period of five years from 1 May 2007 to 30 April 2012, its underlying assumptions as well as other records and documents, provided to us by the Management. It was assumed that all information provided for use in the appraisal is accurate and true, and represent the Management’s best knowledge as of the Appraisal Date.

In arriving at our conclusion of value of the business enterprise of IBBS, we have made certain adjustments to the Projection that we believe are appropriate under the circumstances as of the appraisal date. Before arriving at our opinion of value, we have considered the following principal factors:

- the nature of the businesses of IBBS from its inception;
- the financial condition of IBBS;
- the global economic outlook in general and the specific economic and competitive elements affecting IBBS’s business, its industry and its market;
- the prospect for provision of multimedia and multipurpose web-based communication services;
- the market-derived investment returns of entities engaged in a similar line of business and returns from other similar types of projects;
- the current stage of development and the business risks of IBBS; and
- the Projection.

Due to the changing environment in which IBBS is operating, a number of assumptions have to be established in order to sufficiently support our concluded value of the business enterprise. The major assumptions adopted in this appraisal are:

- there will be no major changes in the existing political, legal, fiscal and economic conditions in Hong Kong and other territories, in which IBBS will carry on its business or to which it exports or from which it imports or sources supplies;
- exchange rates and interest rates will not differ materially from those presently prevailing;
- the Projection have been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the Management;
- the Group will retain and have competent management, key personnel, and technical staffs to support its ongoing operations;

- industry trends and market conditions for related industries will not deviate significantly from economic forecasts; and
- there will be no major changes in the current taxation law in China in which IBBS operates, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

Our valuation has been prepared in accordance with The Hong Kong Business Valuation Forum Business Valuation Standards and under generally accepted valuation procedures and practices.

VALUATION METHODOLOGY

The fair market value of IBBS was developed through the application of the income approach technique known as the discounted cash flow method. The income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the business enterprise than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent business enterprise with similar risk.

The income approach explicitly recognizes that the current value of an investment is premised upon the expected receipt of future economic benefits such as cost savings, periodic income, or sale proceeds. We have applied the discounted cash flow method in appraising the economic benefits of IBBS. In practice, the discounted cash flow approach consists of estimating future annual cash flows and individually discounting them to present value.

A discount rate represents the total expected rate of return that an investor would demand on the purchase price of an ownership interest in an asset given the level of risk inherent in that ownership interest. When developing a discount rate to apply to the cash flow streams attributable to IBBS, the discount rate is the cost of equity.

The cost of equity was developed using Capital Asset Pricing Model (“CAPM”), a model widely used by the investment community. CAPM states that an investor requires excess returns to compensate for any risk that is correlated to the risk in the return from the stock market as a whole but requires no excess return for other risks. Risks that are correlated with the return from the stock market are referred to as systematic; other risks are referred to as nonsystematic. Under CAPM, the appropriate cost of equity is the sum of the risk-free rate and the equity premium required by investors to compensate for the systematic risk assumed before considering any specific risk premium associated with IBBS.

Several listed companies with similar business nature are selected as comparable company in developing the discount rate for IBBS. The risk-free rate associated with each comparable company is the yield on bond issued by the government of the country in which the comparable company locates. We concluded that a discount rate of 30.65% is appropriate for the valuation of IBBS.

Small Capitalization Risk Premium

Small capitalization risk premium is the excess return that an investor would demand in order to compensate for the additional risk over that of the entire stock market when investing in a small capitalization company. This premium reflects the fact that cost of capital increases with decreasing size of the company.

A number of studies were conducted in the U.S., which concludes that the risk premium associated with a small company is over and above the amount that would be warranted just as a result of the company's systematic risk derived from the CAPM model.

Discount for Lack of Marketability

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

A number of studies were conducted in the U.S. in an attempt to determine average levels for lack of marketability discounts. These studies all fall into one of two basic categories, depending on the type of market transaction data on which they are based:

- Restricted ("letter") stock studies.
- Studies of transactions in closely held stocks prior to initial public offerings (IPOs).

In this case, a lack of marketability discount of 40 percent is deemed to be reasonable for the equity interest of IBBS.

OTHER RISK CONSIDERATIONS

The valuation of IBBS is based on many assumptions on its business, such as the projected sales volume, the potential growth and size of the target markets, and the estimated cost data, which form the basis of the projected cash flows. The risks associated with the business relate to the successful establishment and implementation of the Business Plan. This valuation is based on the assumption that IBBS will operate in accordance with its Projection.

We were furnished, for the purpose of this appraisal, with financial data as well as other records, documents and projections. We have reviewed and examined the financial information and have no reason to doubt the truth and accuracy of the information contained therein. We have also consulted public sources of financial and business information to supplement the information provided by the Management. In arriving at our opinion of value, we have relied, to a very considerable extent, on the information provided by, and discussions held with the Management.

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above and on the appraisal method employed, it is our opinion that as of April 30, 2007, the fair market value of 100 per cent equity interest in the business enterprise of IBBS is reasonably stated by the amount of **HONG KONG DOLLAR THIRTY FIVE MILLION (HKD 35,000,000) ONLY**.

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We have not investigated the title to or any liabilities against the property appraised.

We hereby certify that we have neither present nor prospective interests in the Company and IBBS, nor the value reported.

Respectfully submitted,
for and on behalf of
GRANT SHERMAN APPRAISAL LIMITED
Keith C. C. Yan, ASA
Managing Director

Note: Mr. Keith C.C. Yan is an Accredited Senior Appraiser (Business Valuation) and he has been conducting business valuation in the Greater China region for various purposes since 1988.

A. Letter from Cachet Certified Public Accountants Limited

**Cachet Certified Public Accountants Limited****德揚會計師事務所有限公司**

30 April 2007

The Board of Directors
Sunny Global Holdings Limited
10B Lee West Commercial Building
375-379 Hennessy Road
Wanchai
Hong Kong

Dear Sirs,

We refer to the valuation report dated 30 April 2007 (the “Valuation Report”) prepared by Grant Sherman Appraisal Limited (the “Valuer”) in respect of the 100% equity interest in Interactive Broadband Services Limited (“IBBS”) (the “Valuation”).

The Valuation, including the bases and assumptions as set out in the Valuation Report, for which the directors of IBBS, Sunny Global Holdings Limited (the “Company”) and the Valuer are responsible, has been prepared by the valuation approach known as the discounted cash flow analysis. Pursuant to paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any valuation of assets (other than land and buildings) or businesses acquired by a listed issuer based on discounted cash flows or projections of profits, earnings or cash flows will be regarded as a profit forecast. The cash flow and profit & loss projection of the Business enterprise of IBBS for the 5 years from 1 May 2007 to 30 April 2012 (the “Forecast”) has been prepared by the directors of the Company and IBBS using a set of assumptions that include hypothetical assumptions about future events and other assumptions that may or may not necessarily be expected to occur. Consequently, readers are cautioned that the Forecast may not be appropriate for purposes other than for deriving the Valuation of IBBS as at 30 April 2007. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to be different from the Forecast since the other anticipated events may or may not occur as expected.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” with reference to the procedures under Auditing Guideline 3.341 “Accountants’ Report on Profit Forecasts” issued by the Hong Kong Institute of Certified Public Accountants. Our work was performed solely to assist the directors of the Company to evaluate whether the Forecast was complied properly so far as the accounting policies that have been used and the related calculations are concerned. We have reviewed and compared the accounting policies underlying the Forecast with the accounting policies

normally adopted by the Company and its subsidiaries (the “Group”). We found that the accounting policies are consistent with those accounting policies normally adopted by the Group. Our work does not constitute any valuation of IBBS and we were unable to obtain sufficient appropriate evidence to evaluate or express any opinion on the appropriateness of the bases and assumptions made.

In our opinion, the Forecast, so far as the calculations are concerned, has been properly compiled in accordance with bases and assumptions adopted by the directors of the Company and IBBS in preparing the Forecast and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group.

In performing our duties in the subject matter, subject to the industry standards of which we are a member, we accept no liability to any other party who is shown or gains access to this letter.

Yours faithfully,

CACHET CERTIFIED PUBLIC ACCOUNTANTS LIMITED

Certified Public Accountants

Hong Kong

Chan Chi Yuen

Practising Certificate Number P02671

B. Letter from Nuada Limited**Nuada Limited**

7th Floor, New York House
60 Connaught Road Central
Hong Kong

30 April 2007

The Directors
Sunny Global Holdings Limited
10B, Lee West Commercial Building
375-379 Hennessy Road
Wanchai
Hong Kong

Dear Sirs

We refer to the valuation dated 30 April 2007 (the “Valuation”) prepared by Grant Sherman Appraisal Limited (“the Valuer”) in relation to the appraisal of the fair market value of a 100% equity interest in Interactive Broadband Services Limited (the “IBBS”) as of 30 April 2007.

We note that the Valuation has been developed by the Valuer through the application of the income approach technique known as the discounted cash flow method based on the cash flow and profit & loss projection of IBBS (the “Forecast”) and under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), any valuation of assets (other than land and buildings) or businesses acquired by a listed issuer based on discounted cash flows or projections of profits, earnings or cash flows will be regarded as a profit forecast. Accordingly, the Valuation is regarded as a profit forecast under the Listing Rules.

We have made enquiries and discussed with the Valuer and the management of IBBS and Sunny Global Holdings Limited (“the Company”) on the bases and assumptions, including the Forecast, upon which the Valuation has been made. We are of the opinion that the Forecast, which has been approved by the Company, has been made by the directors of the Company and IBBS after due and careful enquiry.

Yours faithfully
For and on behalf of
Nuada Limited

Po Chan
Executive Director

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

<i>Authorised</i>	<i>HK\$</i>
5,000,000,000 Shares	500,000,000
<i>Issued and to be issued, fully paid or credited as fully paid</i>	
2,081,628,000 Shares in issue prior to Completion	208,162,800
200,000,000 Consideration Shares prior to Completion allotted and issued upon Completion	20,000,000
210,000,000 Shares to be allotted and issued pursuant to the exercise of the subscription rights attaching to the 210,000,000 warrants (<i>Note 1</i>)	21,000,000
130,000,000 Shares to be allotted and issued pursuant to the exercise of the subscription rights attaching to the 130,000,000 warrants (<i>Note 2</i>)	3,000,000
48,000,000 Shares to be allotted and issued pursuant to the exercise of the subscription rights attaching to the 48,000,000 warrants (<i>Note 3</i>)	4,800,000
<u>2,669,628,000</u> Shares	<u>266,962,800</u>

Note:

- 210,000,000 non-listed warrants issued to Wellington International Invest Limited by the Company, each entitling its holder to subscribe for one Share. For further details in relation to such warrants, please refer to the announcement of the Company dated 22 August 2006.
- 130,000,000 non-listed warrants issued to Wellington International Invest Limited by the Company, each entitling its holder to subscribe for one Share. For further details in relation to such warrants, please refer to the announcement of the Company dated 10 April 2007.
- 48,000,000 non-listed warrants issued to Rainbow Bridge Group Limited by the Company, each entitling its holder to subscribe for one Share. For further details in relation to such warrants, please refer to the announcement of the Company dated 10 April 2007.

3. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Name of director	Number or attributable number of shares or underlying shares held or short positions	Beneficial owner	Capacity Interest of controlled corporation	Approximate percentage or attributable percentage of shareholding (%)
Too Shu Wing (<i>Note 1</i>)	8,000,000 (L)	8,000,000	–	0.35
Yan Wah Tat (<i>Note 2</i>)	19,480,000 (L)	19,480,000	–	0.85
Liu Kwok Wah (<i>Note 3</i>)	1,450,000 (L)	1,450,000	–	0.06
Chan Wai Ming (<i>Note 4</i>)	1,450,000 (L)	1,450,000	–	0.06
Tsui Pak Hang (<i>Note 5</i>)	1,450,000 (L)	1,450,000	–	0.06

L: Long Position

Notes:

- These interests in 8,000,000 Shares represent 8,000,000 Shares to be allotted and issued upon the exercise of the share options granted to Too Shu Wing under the Share Option Scheme.
- These interests in 19,480,000 Shares represent 19,480,000 Shares to be allotted and issued upon the exercise of the share options granted to Yan Wah Tat under the Share Option Scheme.
- These interests in 1,450,000 Shares represent 1,450,000 Shares to be allotted and issued upon the exercise of the share options granted to Liu Kwok Wah under the Share Option Scheme.
- These interests in 1,450,000 Shares represent 1,450,000 Shares to be allotted and issued upon the exercise of the share options granted to Chan Wai Ming under the Share Option Scheme.
- These interests in 1,450,000 Shares represent 1,450,000 Shares to be allotted and issued upon the exercise of the share options granted to Tsui Pak Hang under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Number or attributable number of shares or underlying shares held or short positions	Capacity	Approximate percentage or attributable percentage of shareholding (%)
Info Fortune Holdings Limited	196,792,000 (L)	Beneficial owner (Note 1)	8.63
Grandtech Management Limited	160,544,258 (L)	Beneficial owner	7.04
Wellington International Invest Limited	340,000,000 (L)	Beneficial owner (Note 2)	14.90
Mr. Wong Kam Fat	225,000,000 (L)	Beneficial owner	9.86

L: Long Position

Notes:

1. 196,792,000 Shares of these Shares are owned by Info Fortune Holdings Limited, a company wholly owned by Mr Lee Man Fa.
2. Wellington International Invest Limited is interested in 340,000,000 Shares which may be allotted and issued upon the exercise of the 340,000,000 non-listed warrants. For further details in relation to such warrants, please refer to the announcements of the Company dated 22 August 2006 and 10 April 2007.

(c) Substantial shareholders of other members of the Group

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. EXPERTS

The following are the qualification of the experts who have given opinions or advice which are contained in this circular:

Name	Qualifications
Grant Sherman Appraisal Limited	Professional valuer
Cachet Certified Public Accountants Limited	Certified Public Accountants
Nuada Limited	a licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity

Each of Grant Sherman Appraisal Limited, Cachet Certified Public Accountants Limited and Nuada Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of Grant Sherman Appraisal Limited, Cachet Certified Public Accountants Limited and Nuada Limited does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

6. LITIGATION

Chinaway Network Technology Limited (“**Chinaway**”), a wholly owned subsidiary of the Company, in October 2006 commenced High Court Action No. 2369 of 2006 against Leung Yuen Sang, Sunny (“**Mr. Leung**”), Fung Ka Man, Carmen, Ho Wing Yiu, Peter (collectively known as “**the Defendants**”) and Easeful Communications Limited (“**ECL**”) seeking damages against the Defendants for the breach of contract and for the account and delivery of documents in respect of the school projects in the PRC, claiming against Mr. Leung for the sum of HK\$1,172,600.00 and against ECL for the sum of HK\$1,917,785.13 both being contract prices received for and on behalf of Chinaway. Our total sum claims against Mr. Leung and ECL are HK\$3,090,385.13 plus interest and cost to be assessed. In November 2006, it was ordered by the Presiding Officer of the Labour Tribunal of Hong Kong that the outstanding claim of Mr. Leung under Claim No. LBTC 4350 of 2006 for the end of year pay in the sum of HK\$55,000.00 and expenses in the sum of HK\$311,255.43, totaling HK\$366,255.43 would not be ruled at Labour Tribunal and the said claims would be transferred to the Court of First Instance as High Court Action No. 2594 of 2006. The claims in the two actions arise from the same facts and the Board considers that the claims of Mr. Leung will not have any material impact on the Group and Chinaway shall proceed with its claims against the Defendants and ECL.

Save as disclosed, so far as the Directors are aware, no member of the Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Enlarged Group as at the Latest Practicable Date.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

8. MISCELLANEOUS

- (a) The principal share registrar and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited whose address is Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda;
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited whose address is Shops 1712 - 1712-16, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; and
- (c) The company secretary and the qualified accountant of the Company is Chiu Yu Choi, Nelson. He was graduated from the Hong Kong Polytechnic University with a Bachelor's honours degree in Accountancy. He is a member of the HKICPA, HKICS and ICSA, and a fellow member of ACCA.