THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sunny Global Holdings Limited (the "**Company**"), you should at once hand this circular and accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

SUNNY GLOBAL HOLDINGS LIMITED
新 怡 環 球 控 股 有 限 公 司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1094)

MAJOR TRANSACTION

A notice convening a special general meeting (the "**SGM**") of the Company to be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 14 April 2008 at 10:00 a.m. is set out on pages 162 to 163 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the SGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

26 March 2008

** for identification purpose only*

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

"12 Month Accounts"	the consolidated financial statements of the Group for the 12 months ended 30 September 2007
"Acquisition"	the acquisition of the Sale Share and the Sale Loan by the Purchaser as contemplated under the Sale and Purchase Agreement
"acting in concert"	has the meaning ascribed to this term under the Takeovers Code
"associates"	has the meaning ascribed to this term under the Listing Rules
"Board"	the board of Directors
"Bondholder"	holder of the Convertible Bonds
"Business Day"	a day (other than a Saturday, Sunday or 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 and the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement
"connected persons"	has the meaning ascribed to this term under the Listing Rules
"Consideration"	the consideration of HK$45,000,000 payable by the Purchaser to the Vendor for the Acquisition and to be satisfied in the manner as described in this circular
"Consideration Shares"	400,000,000 new Shares to be allotted and issued to satisfy in part of the Consideration

"Conversion Price"	the initial conversion price of approximately HK$0.081 per Conversion Share, subject to adjustment, pursuant to the terms of the Convertible Bonds
"Conversion Shares"	200,000,000 new Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds
"Convertible Bonds"	the zero coupon convertible bonds in an aggregate principal amount of HK$16,200,000 to be issued by the Company in favour of the Vendor pursuant to the Sale and Purchase Agreement
"Directors"	the directors of the Company
"Enlarged Group"	the Group as enlarged by the Acquisition
"Exclusivity Agreement"	the agreement to be entered into between the Target, the Vendor and the Purchaser pursuant to which the Vendor has granted exclusive rights to the Purchaser to purchase 25% of the equity interests in Target
"Group"	the Company and its subsidiaries
"Guangdong ZhenRong"	Guangdong ZhenRong Energy Co., Ltd., a state owned enterprise established in the PRC and is an Independent Third Party
"HK Subsidiary"	Welford International Industrial Limited, a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of the Target
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons

"Interim Accounts"	the interim consolidated financial statements of the Group for the six months ended 31 March 2007
"Issue Price"	the issue price of approximately HK$0.072 per Consideration Share
"JV Agreement"	the joint venture agreement dated 10 January 2008 and entered into between Guangdong ZhenRong, Yan Lung and the HK Subsidiary
"Latest Practicable Date"	19 March 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Maturity Date"	the date of maturity of the Convertible Bonds
"Oil Company"	Guangdong ZhenRong Petroleum Chemical Co., Ltd., the Chinese-foreign equity Joint venture company to be established in the PRC pursuant to the JV Agreement
"PRC"	the People's Republic of China
"Purchaser"	Richy Spring International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
"Reference Price"	the net tangible asset value per Share of approximately HK$0.44 based on the Interim Accounts
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 30 January 2008 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares and the Sale Loan

"Sale Loan"	all obligations, liabilities and debts owing or incurred by the Target to the Vendor on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion which amounted to HK$44,999,415 at Completion
"Sale Shares"	75 ordinary shares of US$1.00 in the issued share capital of the Target, representing the 75% of the total issued share capital of the Target
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares and the issue of the Convertible Bonds
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Target"	Great Hill Trading Limited, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by the Vendor
"Target Group"	the Target, the HK Subsidiary and where the context so requires, the Oil Company
"Vendor"	Wisdom First Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned as to 50% by Ms. Wong Sau Lan and as to 50% by Mr. Gao YuanXing

“Yan Lung”	Yan Lung International Limited, a company incorporated in Hong Kong with limited liability and is an Independent Third Party
“HK$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of this circular, unless otherwise stated, conversion of RMB into HK$ are based on the approximate exchange rate of RMB0.92 to HK$1.00. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.

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. Yip Kwan, Ben
Mr. Li Chun Tak
Mr. Wong Hin Shek
Mr. Dai Zhongcheng

Non-executive Director:
Mr. Wong Kam Fat Tony

Independent non-executive Directors:
Mr. Au Tin Fung
Mr. Chan Chun Wai
Ms. So Wai Yee, Betty

Registered office:
Clarandon 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

26 March 2008

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 5 February 2008 in which the Board announced that on 30 January 2008, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares and the Sale Loan for a total consideration of HK$45,000,000.

** for identification purpose only*

The aggregate consideration of HK$45,000,000 for the Sale Shares and the Sale Loan shall be settled by the Purchaser in the following manner: (a) HK$28,800,000 shall be satisfied by the Purchaser procuring the Company to allot and issue the Consideration Shares to the Vendor credited as fully paid, at the Issue Price on Completion; and (b) the balance of HK$16,200,000 shall be satisfied by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor on Completion.

The entering into of the Sale and Purchase Agreement constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with further details regarding the Acquisition in accordance with the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date: 30 January 2008

Parties:	(1)	Purchaser	:	Richy Spring International Limited, a wholly owned subsidiary of the Company
	(2)	Vendor	:	Wisdom First Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner is an Independent Third Party. The Vendor is not acting in concert with any Shareholders. The Vendor is principally engaged in investment holding.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell (i) the Sale Shares, representing 75% of the issued share capital of the Target as at the Latest Practicable Date; and (ii) the Sale Loan, which amounts to HK$44,999,415.

Consideration

The Consideration of HK$45,000,000 for the sale and purchase of the Sale Shares and the Sale Loan shall be satisfied by the Purchaser in the following manner:

(a) HK$28,800,000 shall be satisfied by the Purchaser procuring the Company to allot and issue the Consideration Shares to the Vendor credited as fully paid, at the Issue Price on Completion; and

(b) the balance of HK$16,200,000 shall be satisfied by the Purchaser procuring the Company to issue the Convertible Bonds to the Vendor on Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor taking into consideration (i) the unaudited consolidated net assets value with reference to net liabilities of the Target Group; and (ii) the amount of the Sale Loan outstanding as at 25 January 2008.

Pursuant to the memorandum of understanding dated 6 December 2007 entered into between the Purchaser and the Vendor, the Purchaser had paid HK$35,000,000 to the Vendor as deposit. Immediately following Completion, the Vendor shall refund to the Purchaser a sum of HK$20,000,000, being part of the deposit paid by the Purchaser to the Vendor. Further, the Vendor shall retain the HK$15,000,000 as the deposit pursuant to the Exclusivity Agreement in relation to the acquisition of the balance of 25% issued share capital of the Target. The Exclusivity Agreement does not form part of the Sale and Purchase Agreement. As at the Latest Practicable Date, the Vendor and the Purchaser have not agreed on the terms of the Exclusivity Agreement. Further announcement in relation to the Exclusivity Agreement will be made as and when appropriate.

Conditions precedent

Completion shall be conditional upon and subject to:

(a) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group;

(b) all necessary consents and approvals required to be obtained on the part of the Vendor and the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;

(c) the passing by the Shareholders at the SGM to be convened and held of an ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to: (i) the allotment and issue of the Consideration Shares and the Conversion Shares to the Vendor, credited as fully paid; and (ii) the issue of the Convertible Bonds;

(d) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) in relation to the transactions contemplated under the Sale and Purchase Agreement;

(e) the warranties provided by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all respects;

(f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares and the Conversion Shares; and

(g) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Consideration Shares and the Conversion Shares.

Conditions (a) and (d) are waivable by the Purchaser under the Sale and Purchase Agreement. The Purchaser has no current intention to waive such conditions. If the conditions have not been satisfied (or as the case may be, waived by the Purchaser) on or before 31 May 2008, or such later date as the Vendor and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place at 4:00 p.m. on the date falling two Business Days after the fulfilment (or waiver) of the conditions or such later date as may be agreed between the Vendor and the Purchaser.

Upon Completion, the Target will become an indirect owned subsidiary of the Company.

There is no current intention for the Vendor to nominate any Director to the Board.

THE CONSIDERATION SHARES

The 400,000,000 Consideration Shares will be issued at the Issue Price of approximately HK$0.072 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue on the date of allotment and issue of the Consideration Shares.

The Issue Price represents (i) a discount of approximately 88.2% to the closing price of HK$0.61 per Share as quoted on the Stock Exchange on 29 January 2008, being the date before the Sale and Purchase Agreement; (ii) a discount of approximately 86.6% to the average of the closing prices of approximately HK$0.538 per Share for the last five consecutive trading days up to and including 29 January 2008, being the date before the Sale and Purchase Agreement; (iii) a discount of approximately 42.9% to the net tangible asset value per Share of approximately HK$0.126 based on the 12 Month Accounts; and (iv) a discount of approximately 80.5% to the closing price of HK$0.37 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Issue Price was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to various factors including (i) the net tangible asset value per Share as set out above; (ii) the current fluctuation of market price of the Shares may not reflect the fair value of the Shares; (iii) the loss making record of the Group in the previous three consecutive years; (iv) the low liquidity and trading volume of the Shares, as the Shares were traded in the previous year with an average daily trading volume of less than 4.6% of the issued share capital of the Company; and (v) the factors set out in the section headed "Reasons for the Acquisition" below. The Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable.

Based on the closing price of HK$0.61 per Share as quoted on the Stock Exchange on 29 January 2008, being the date before the Sale and Purchase Agreement, the value of the Consideration Shares is HK$244,000,000.

The Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought at the SGM and will be allotted and issued on the date of Completion.

The Consideration Shares represent approximately 24.9% of the existing issued share capital of the Company and approximately 19.9% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

TERMS OF CONVERTIBLE BONDS

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Company

Principal amount

HK$16,200,000

Interest

The Convertible Bonds will bear no interest.

Maturity

A fixed term of three years commencing from the date of issue of the Convertible Bonds. Unless previously redeemed, converted or cancelled as provided in the Sale and Purchase Agreement pursuant to which the Convertible Bonds were issued, the Company shall redeem the outstanding principal amount of the Convertible Bonds on the Maturity Date.

Conversion

Provided that (i) any conversion of the Convertible Bonds, if applicable, together with any Shares already owned or agreed to be acquired by the Bondholder and/or parties acting in concert with it, do not exceed 19.99% or more of the then issued ordinary share capital of the Company; and (ii) the conversion will not result in the Company breaching any of the Listing Rules, including, but not limited to, the minimum public float of 25%, the Bondholder may convert in whole or part (in multiples of HK$500,000 or if the aggregate outstanding principal amount is less than HK$500,000, the entire outstanding amount of the Convertible Bonds) of the principal amount of the Convertible Bonds into the Conversion Shares at the Conversion Price for the period commencing on the date falling six months after the date of issue of the Convertible Bonds up to the Maturity Date.

Conversion Price

The Conversion Price is HK$0.081 per Conversion Share subject to adjustments.

The adjustments for the Conversion Price include the following:

(i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;

(ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);

(iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such) or a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;

(iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares being made by the Company to Shareholders (in their capacity as such);

(v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 80% of the market price on the date of announcement of the terms of the issue of such securities; and

(vi) an issue of Shares wholly for cash at a price per Share which is less than 80% of the market price on the date of announcement of the terms of such issue.

The Company will issue an announcement when there is any adjustment to the Conversion Price and the adjustment will be certified by the Company's auditor or by merchant bank.

The Conversion Price represents: (i) a discount of approximately 86.7% to the closing price of HK$0.61 per Share as quoted on the Stock Exchange on 29 January 2008, being the date before the Sale and Purchase Agreement; (ii) a discount of approximately 84.9% to the average of the closing prices of approximately HK$0.538 per Share for the last five consecutive trading days up to and including 29 January 2008, being the date before the Sale and Purchase Agreement; (iii) a discount of approximately 35.7% to the net tangible asset value per Share of approximately HK$0.126 based on the 12 Month Accounts; and (iv) a discount of approximately 78.1% to the closing price of HK$0.37 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Conversion Price was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to various factors including (i) the net tangible asset value per Share as set out above; (ii) the current fluctuation of market price of the Shares may not reflect the fair value of the Shares; (iii) the loss making record of the Group in the previous three consecutive years; (iv) the low liquidity and trading volume of the Shares, as the Shares were traded in the previous year with an average daily trading volume of less than 4.6% of the issued share capital of the Company; (v) the risk of the fluctuation of the price of the Shares as the commencement of the conversion period will be six months after the date of the issue of the Convertible Bonds; (vi) the Convertible Bonds do not bear any interest; (vii) given there is a period of three years to convert the Convertible Bonds; and (viii) factors as set out in the section headed "Reasons for the Acquisition" below, the issue of the Convertible Bonds do not have any immediate dilution effect on the shareholding of the existing Shareholders. The Directors (including the independent non-executive Directors) consider that the Conversion Price is fair and reasonable.

Conversion Shares

Based on the closing price of HK$0.61 per Share as quoted on the Stock Exchange on 29 January 2008, being the date before the Sale and Purchase Agreement, the value of the Conversion Shares is HK$122,000,000.

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Bonds at the Conversion Price by the Bondholder, the Company will issue an aggregate of 200,000,000 new Shares, representing (i) approximately 12.45% of the existing issued share capital of the Company; and (ii) approximately 11% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. The Conversion Shares will be issued pursuant to the specific mandate to be sought at the SGM.

Ranking

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all existing Shares in issue at the date of the allotment and issue of the Conversion Shares.

Status of the Convertible Bonds

The Convertible Bonds constitute a direct, general, unconditional and unsecured obligation of the Company and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.

Transferability

With the prior notification to the Company, the Convertible Bonds may be transferred or assigned by the Bondholders to any party other than a connected person of the Company.

Voting rights

The Convertible Bonds do not confer any voting rights at any meetings of the Company.

Application for listing

No application will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares assuming full conversion of the Convertible Bonds.

CHANGES IN SHAREHOLDING STRUCTURE

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

	As at the Latest Practicable Date and before Completion		Immediately after Completion and the allotment and issue of the Consideration Shares		Immediately after Completion and the allotment and issue of the Consideration Shares and the Conversion Shares *(Note 2)*	
Shareholders	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*
Success Way Holdings Limited *(Note 1)*	337,644,000	21.03	337,644,000	16.83	337,644,000	15.31
The Vendor and parties acting in concert with it	—	—	400,000,000	19.94	600,000,000	27.20
Public Shareholders	1,268,141,000	78.97	1,268,141,000	63.23	1,268,141,000	57.49
Total:	1,605,785,000	100.00	2,005,785,000	100.00	2,205,785,000	100.00

Note:

1 Success Way Holdings Limited is beneficially owned by Liu Yi Dong Family Trust and the beneficiaries of which are Mr. Liu Yi Dong and his family members.

2. For illustration purposes only. Pursuant to the terms of the Convertible Bonds, the Company will not issue any Conversion Shares to the Vendor and parties acting in concert with it, if upon the issue of such Conversion Shares will result in the shareholding of the Vendor and/or parties acting in concert with it holding more than 19.99% of the then issued ordinary share capital of the Company.

Upon the allotment and issue of the Consideration Shares and the Conversion Shares, there will not be a change in control of the Company.

INFORMATION ON THE TARGET GROUP

The Target was incorporated in the British Virgin Islands on 10 January 2008 and is principally engaged in investment holding. The HK Subsidiary, a direct wholly-owned subsidiary of the Target, was incorporated in Hong Kong on 3 October 2006. The HK Subsidiary is principally engaged in investment holding.

Pursuant to a joint venture agreement dated 10 January 2008 and entered into between Guangdong ZhenRong, a state owned enterprise, Yan Lung and the HK Subsidiary, Guangdong ZhenRong, Yan Lung and the HK Subsidiary have agreed to form the Oil Company, an equity joint venture company to be established in the PRC. The Oil Company will be principally engaged in exploitation, trading, selling of oil and oil retailed products. The registered capital of the Oil Company will be RMB50,000,000 (equivalent to approximately HK$54,348,000). Guangdong ZhenRong, Yan Lung and the HK subsidiary will own 51%, 3% and 46% respectively of the equity interests in the Oil Company. As such, the capital commitment of Guangdong ZhenRong, Yan Lung and the HK Subsidiary in the Oil Company will be RMB25,500,000 (equivalent to approximately HK$27,717,000), RMB1,5000,000 (equivalent to approximately HK$1,630,000) and RMB23,000,000 (equivalent to approximately HK$25,000,000) respectively. There is no further capital commitment or capital requirement in the Oil Company under the joint venture agreement or other related documents. The HK Subsidiary intends to finance the payment of registered capital of the Oil Company by internal resources of the Group upon Completion.

According to the unaudited consolidated management accounts of the Target Group prepared under the Hong Kong accounting standards, for the period from 10 January 2008 (date of incorporation of the Target) to 6 February 2008, the net loss and after taxation was approximately HK$160,000 and the net liabilities of the Target Group was approximately HK$160,000 as at 6 February 2008.

The sole liability of the Target Group was the shareholder advances made by the Vendor of approximately HK$60,205,000 outstanding as at 6 February 2008, of which HK$44,999,415 will be disposed of as the Sale Loan under the Sale and Purchase Agreement.

The major asset of the Target Group was the HK$60 million deposit placed with Guangdong ZhenRong originally for the acquisition of the equity interests in Sichuan ShuaiHua Toll Road Co., Ltd.. Such acquisition was subsequently terminated and the deposit is to be refunded to the Target Group before 31 December 2008. The deposit was paid by the Target Group to Guangdong ZhenRong prior to Completion. The terms of the agreement in relation to the sell and purchase of the equity interests in Sichuan ShuaiHua Toll Road, Co., Ltd. were negotiated by the parties to the agreement, which are independent of the Company and its connected persons. Upon Completion, the Group will use its best endeavours to negotiate with Guangdong ZhenRong to change the latest date for repayment of the deposit to an earlier date.

The refund of the HK$60 million deposit should not be seen as an isolated item to determine whether it is fair and reasonable and in the interests of the Company. The terms of the Sale and Purchase Agreement were commercial terms, which were agreed by the Group having considered a number of factors, including the factors as set out in the section headed "Reasons for the Acquisition" below. The Directors have also considered the relatively low current interest rate and the ability for Guangdong ZhenRong, being a state-owned enterprise, to repay the HK$60 million deposit. After considering the advantages and the disadvantages of the Acquisition (including the timeframe of the repayment of the HK$60 million deposit), the Directors consider that the Acquisition is fair and reasonable and in the interest of the Shareholders as a whole.

According to the unaudited management accounts of the HK Subsidiary prepared under the Hong Kong accounting standards, for the period ended 31 December 2006, the net loss before and after taxation was approximately HK$9,000 and the net asset value of the HK Subsidiary were approximately HK$1,000 as at 31 December 2006.

According to the unaudited management accounts of the HK Subsidiary prepared under the Hong Kong accounting standards, for the year ended 31 December 2007, the net loss before and after taxation was approximately HK$122,000 and the net liabilities of the HK Subsidiary was approximately HK$113,000 as at 31 December 2007.

The sole liability of the HK Subsidiary was amount due to Target of HK$$60,202,000 as at 31 December 2007.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the information technology business including the provision of system integration services, facility management services and information technology infrastructure network development in the PRC and Hong Kong.

The Directors consider that the Acquisition represents a good opportunity for the Group to diversify its existing businesses. The Directors consider that entering into to the crude oil and fuel oil businesses will provide a good return to the Company and the Shareholders. Guangdong ZhenRong and its holding companies and subsidiaries are the fifth largest state owned group which holds a licence to import crude oil and fuel oil into the PRC. The crude oil and fuel oil demand in the PRC is expected to increase substantially in the future.

As the Group does not have the required amount of cash for the payment of the Consideration, the Directors consider that the issue of the Consideration Shares and the Convertible Bonds to be the most suitable method for the payment of the Consideration.

Basis of pricing of the Consideration Shares and Conversion Shares

The Directors first announced that the Purchaser and the Vendor entered into a non-legally binding memorandum of understanding in relation to the possible Acquisition on 6 December 2008. The negotiation in the terms in relation to the Acquisition has been commenced before then. The Purchaser and the Vendor have discussed various ways of investment in the Target and finally the Vendor agreed to dispose 75% of its interest in the Target to the Purchaser. The Purchaser and the Vendor agreed to satisfy the Consideration by way of issue of the Consideration Shares and the Convertible Bonds. Towards the determination of the pricing of the Consideration Shares and the Convertible Bonds in early December 2007, the parties have based on the then latest available published Interim Accounts released by the Company on 28 June 2007. According to the Interim Accounts, the net tangible asset value as at 31 March 2007 was HK$42.91 million and the number of issued Shares was 1,948 million. Net tangible asset value per Share was HK$0.022. After adjusting for the share capital reorganisation of the Company as announced on 21 November 2007, which involved the consolidation of two shares of HK$0.005 each in the share capital of the Company to one Share, the net tangible asset value per Share was HK$0.044.

The Issue price and the Conversion Price represents premium of approximately 63% and 84% over the Reference Price respectively. The Directors draw reference between the Issue Price, the Conversion Price and the Reference Price in view of: (i) the Interim Accounts was the most updated consolidated accounts available to the Vendor and the Purchaser at the time of negotiation; (ii) the Issue price and the Conversion Price were at substantially premium over the Reference Price; and (iii) the Company may not be able to proceed with the Acquisition if the pricing structure was to be renegotiated after the release of the 12 Month Accounts on 21 December 2007 as the principal terms have been substantially concluded.

In view of the above, the Directors considered the Issue Price and the Conversion Price, comparing to the Reference Price, to be fair and reasonable.

Discount of the Issue price and the Conversion Price to the net tangible asset value per Share as per the 12 Month Accounts

Pursuant to the 12 Month Accounts, the net tangible asset value per Share was approximately HK$0.126 and the Issue price and the Conversion Price represents discount of approximately 35.71% and 42.86% to the net tangible asset value per Share based on the 12 Month Accounts respectively. The Directors considered such discount to be acceptable in view of the following:

(i) upon Completion, the Company shall issue the Consideration Shares and the Convertible Bonds as Consideration. The Company will not be depleted of any cash under the Acquisition. In addition, the Vendor shall also refund HK$20,000,000 to the Company which the Directors considered to be in the best interests of the Company in terms of cash management; and

(ii) the trading of the Shares has been under a thin volume in the past 12 months and the Company has recorded a losing record for past three consecutive years. The Directors believed that the premium over the Reference Price as well as the discount to the net tangible asset per Share should be considered in arriving at whether the Issue Price and the Conversion Price are fair.

Also, given that (i) there is the risk of the fluctuation of the price of the Shares as the commencement of the conversion period will be six months after the date of the issue of the Convertible Bonds; (ii) the Convertible Bonds do not bear any interest; and (iii) there is a period of three years to convert the Convertible Bonds, the issue of the Convertible Bonds do not have any immediate dilution effect on the shareholding of the existing Shareholders given there is a period of three years to convert the Convertible Bonds, the issue of the Convertible Bonds do not have any immediate dilution effect on the shareholding of the existing Shareholders, the Conversion Price is different from the Issue Price.

Taking into account of the huge market potential for such business, the Board is of the view that the terms and conditions of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Shareholders and investors should be aware that the Issue price and the Conversion Price represent substantial discounts to the net tangible asset value per Share based on the 12 Month Accounts. Based on the closing price of HK$0.61 per Share as quoted on the Stock Exchange on 29 January 2008, being the date before the Sale and Purchase Agreement, the aggregate value of the Consideration Shares and the Conversion Shares is HK$366,000,000.

Shareholders and investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE TARGET GROUP

Liquidity and financial resources

The Target group has a consolidated net current liabilities of HK$168,000 which the sole liabilities was advanced by the sole shareholder of HK$60.2 million, which was unsecured, interest free and without any repayment terms. The Target Group has cash in hand and bank balance of HK$36,000 as at 31 January 2008.

The Target Group did not have any material capital commitments either authorised or not yet authorised.

Capital structure

The Target Group maintained a minimum capital structure of only 100 shares, which was issued at a total of US$100 in value. The Target Group will invest capital cost into various PRC energy projects. The shareholder advance were in Hong Kong dollars while the investment in PRC various energy project will be in RMB. The continuous raising of the exchange rate between RMB to Hong Kong dollars will increase the capital investments cost in future, although it was expected such cost will not be material.

Business operation

The Target Group did not carry out any trading or direct investments activities. Up to the Latest Practicable Date, the Target Group only incurred various legal fees for energy project evaluation and verification work by the professional parties.

The Target Group made a loss of HK$169,000 for the period of fifteen months from the date of incorporation in November 2006 and ended on 31 January 2008.

Significant investment

The major assets of the Target Group was HK$60 million deposit placed with Guangdong ZhenRong. The HK$60 million was originally placed as deposit to acquire the Toll Road Company, the acquisition was subsequently terminated and the deposit is to be refunded to the Target Group before 31 December 2008. The deposit was unsecured and interest free.

Employees

The Target Group was controlled by its major shareholder who was responsible for the day to day operation of the Target Group. The sole director and the shareholder did not receive any salary, bonus, share option and training schemes.

Group charges assets and material investments

As at the balance sheet date, the Target Group did not have any assets charged and material investments.

Future plans

The Target Group has authorised investments in 46% in Guangdong ZhenRong Petroleum Chemical Co. Ltd. The total registered capital is RMB50 million and the Target Group was required to pay RMB23 million for their portion of shareholding. The Target Group does not have any other authorised or not authorised investment plans.

The Target Group has current asset ratio of 0.99. As the sole liabilities of the Target Group was advanced by its shareholder and it was classified as shareholder's capital as long term funding by shareholder, therefore, the Target Group did not have any external borrowing and no gearing was calculated.

FINANCIAL EFFECT OF THE ACQUISITION

Assets and liabilities

Upon Completion, the Target would become an indirect non-wholly owned subsidiary of the Company and its results will be consolidated with that of the Group. It is estimated that, upon Completion, the consolidated total assets of the Group would increase by approximately HK$71,415,000 to approximately HK$400,996,000 and the consolidated total liabilities of the Group would increase by approximately HK$28,884,000 to approximately HK$36,160,000.

Earnings

There will not be any immediate material impact on earnings of the Group as a result of the Acquisition. Nonetheless, given the prospects of the Target Group, it is expected that the Target will contribute positively to the results of the Group as an indirect non-wholly owned subsidiary in future after Completion.

PROSPECTS OF THE ENLARGED GROUP

As mentioned in the annual report and the interim report of the Company for the year ended 30 September 2006 and for the six months ended 31 March 2007 respectively and second interim results for the twelve months ended 30 September 2007, the Group is confronting envisaged challenges with respect to the development of the IT business platform.

In the last several years, the Group has commenced information technology business in order to capture the vast potential growth of this area of new business opportunities. However, the outcome is not as promising as originally planned since the IT division is still under development stage. Under this scenario, the management has vigorously identifying potential acquisitions for the Company that will have synergy and strengthen the information technology portfolio of the Group and the efforts of the Group in the IT business are beginning to bear fruit and the Group expects to see a positive impact of these initiatives on the financials of the Group in the years ahead.

On the other hand, as mentioned in the said annual report and the interim report, the Group will keep exploring other suitable business opportunities and diversifying its investments to other potential industries with favourable investment return and prospect. In this regard, the Board consider that the Acquisition represents an opportunity to allow the Group to tip into the PRC energy business sector and will provide a good return to the Company and its Shareholders.

With the growth of the PRC economy, it is expected that the demand for crude oil and fuel oil in the PRC will continually increase. Guangdong ZhenRong, the joint venture party in relation to the formation of the Oil Company, and its holding companies and subsidiaries are the fifth largest state owned group which holds licence to import crude oil and fuel oil into the PRC.

Upon Completion, the business of the Group will be further diversified and it is expected that the Acquisition will bring positive impact on the earnings of the Group in the future.

LISTING RULES IMPLICATION

The Acquisition constitutes a major transaction on the part of the Company under the Listing Rules and is subject to the approval of the Shareholders at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have material interest in the Acquisition and are required to abstain from voting at the SGM.

SGM

A notice convening the SGM to be held at at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 14 April 2008 at 10:00 a.m. is set out on pages 162 to 163 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed for of proxy to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING

According to bye-law 66 of the bye-laws of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll), a poll is demanded:

(i) by the chairman of such meeting; or

(ii) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(iii) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(iv) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or

(v) if required by the Listing Rules, any Directors holding proxies if such aggregate proxies held individually or collectively by the Directors account for 5% or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposition manner to that instructed in those proxies.

RECOMMENDATION

The Board considers that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution as set out in the notice of the SGM.

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of the Board
Sunny Global Holdings Limited
Li Chun Tak
Executive Director

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from Morison Heng in respect of the accountants' report on the Target Group.

MORISON HENG
Chartered Accountants
Certified Public Accountants

Date: March 26, 2008

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

Dear Sirs,

We set out below our report on the financial information regarding Great Hill Trading Limited ("Great Hill") and its subsidiaries (hereinafter collectively referred to as the "Great Hill Group") for the period ended January 31, 2008 and for the period from January 10, 2008 (date of incorporation) to January 31, 2008 (the "Relevant Period") for inclusion in the circular dated March 26, 2008 issued by Sunny Global Holdings Limited ("the Company") in connection with the proposed acquisition of 75% equity interest in Great Hill (the "Circular").

Great Hill was incorporated in the British Virgin Islands with limited liability on January 10, 2008. The principal activity of Great Hill is investment holding.

At the date of this report, the particulars of Great Hill's subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Proportion of equity held by Great Hill		Principal activities
			Direct	Indirect	
Welford International Industrial Limited	Hong Kong	HK$10,000	100%	—	Investment holding
Kings Union International Limited	British Virgin Islands	US$1	—	100%	Dormant

The Great Hill Group has adopted December 31 as its financial year end date. Up to the date of this report, no audited financial statements have been prepared for Great Hill Group since its date of incorporation as there are no statutory requirements.

For the purpose of this report, the directors of Great Hill have prepared the consolidated financial statements of the Great Hill Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKIPCA.

The Financial Information of the Great Hill Group for the Relevant Period has been prepared from the Underlying Financial Statements for the purpose of preparing our report for inclusion in the Circular. No adjustment was deemed necessary to the Underlying Financial Statements in preparing our report for inclusion in the Circular. We have examined the Underlying Financial Statements for the Relevant Period in accordance with the Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" as recommended by the HKICPA.

The Underlying Financial Statements are the responsibility of the directors of Great Hill who approved their issues. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together with the notes thereon gives, for the purpose of this report, a true and fair view of the state of affairs of Great Hill and the Great Hill Group as at January 31, 2008 and of the consolidated results and consolidated cash flows of the Great Hill Group for the Relevant Period.

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

	Notes	**Period from January 10, 2008 (date of incorporation) to January 31, 2008** *HK$*
Turnover	*7*	—
Other revenue	*7*	30
Administrative expenses		(159,539)
Loss from operations		(159,509)
Finance cost		—
Loss before taxation		(159,509)
Taxation	*9*	—
Net loss for the period	*10*	(159,509)

CONSOLIDATED BALANCE SHEETS AS AT JANUARY 31, 2008

	Notes	*HK$*
ASSETS		
Current assets		
Other receivables	*13*	60,000,000
Bank balances and cash	*14*	35,882
		60,035,882
Current liabilities		
Amount due to ultimate holding company	*15*	60,204,654
NET LIABILITIES		(168,772)
CAPITAL AND RESERVES		
Share capital	*16*	780
Reserve	*17*	(169,552)
		(168,772)

BALANCE SHEETS OF GREAT HILL TRADING LIMITED AS AT JANUARY 31, 2008

	Notes	*HK$*
ASSETS		
Non-current assets		
Interests in subsidiaries	*12*	60,186,654
Current assets		
Bank balances and cash	*14*	780
Current liabilities		
Amount due to ultimate holding company	*15*	60,195,654
Net current liabilities		(60,194,874)
NET LIABILITIES		(8,220)
CAPITAL AND RESERVES		
Share capital	*16*	780
Accumulated losses		(9,000)
		(8,220)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Accumulated losses	Merger reserve	Total
	HK$	*HK$*	*HK$*	*HK$*
Issue of share capital	780	—	—	780
Net loss for the period	—	(159,509)	—	(159,509)
Addition through merger	—	—	(10,043)	(10,043)
Balance at January 31, 2008	780	(159,509)	(10,043)	(168,772)

CONSOLIDATED CASH FLOW STATEMENTS

	Period from January 10, 2008 (date of incorporation) to January 31, 2008
	HK$
Operating activities	
Loss before taxation	(159,509)
Adjustment for:	
Interest income	(30)
Operating loss before working capital changes	(159,539)
Increase in other receivables	(60,000,000)
Increase in amount due to ultimate holding company	60,204,654
Net cash from operating activities	45,115
Cash flows from investing activities	
Interest received	30
Acquisition of subsidiaries	(10,043)
Net cash used in investing activities	(10,013)
Cash flows from financing activities	
Proceeds from issuance of share capital	780
Net cash from financing activities	780
Net increase in cash and cash equivalents and at the end of the period	35,882
Analysis of cash and cash equivalent at the end of the period	
Bank balances and cash	35,882

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Great Hill is incorporated in the British Virgin Islands with limited liability on January 10, 2008. The address of the registered office of Great Hill is P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands.

Great Hill is an investment holding company. The principal activities of its subsidiaries are investment holding. The Financial Information is presented in Hong Kong dollars, which is the presentation and functional currency of the Company.

The Financial Information of the Relevant Periods has been prepared in accordance with the accounting policies adopted by Sunny Global, details of which are set out in Note 4, which conform with Hong Kong Financial Reporting Standards ("HKFRSs"). In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

The Financial Information has been prepared on a going concern basis because Wisdom First Limited has agreed to provide adequate funds to enable the Great Hill Group to meet in full its financial obligations as they fall due so long as it remains as its controlling shareholder. The Company has also agreed that upon completion of its acquisition of 75% equity interests in Great Hill, it will provide financial support to the Great Hill Group to enable it to meet its financial obligations as they fall due for the foreseeable future.

3. ADOPTION OF NEW AND REVISED HONG KONG ACCOUNTING STANDARDS.

At the date of this report, HKICPA issued the following new and revised HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as "new HKFRSs") that have been issued but are not yet effective. However, Great Hill Group has not early applied these new and revised standards or interpretations. The directors of Great Hill anticipate that the application of these new HKFRSs will have no material impact on the results and financial position of Great Hill Group.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 11	HKFRS 2 Group and Treasury Share Transactions[2]
HK(IFRIC) — Int 12	Service Concession Arrangements[3]

[1] Effective for annual periods beginning on or after January 1, 2009
[2] Effective for annual periods beginning on or after March 1, 2007
[3] Effective for annual periods beginning on or after January 1, 2008

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost convention and in accordance with the accounting principles as set out below which conform with HKFRSs.

The Financial Information include the results, cash flows and change in equity of companies comprising the Great Hill Group as if the Widsom First Limited had always been the holding company of the Great Hill Group resulting from the Reorganization by using the principles of merger accounting.

Basis of consolidation

The Financial Information incorporates the financial statements of Great Hill and entities controlled by the Great Hill (its subsidiaries). Control is achieved where Great Hill has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period, other than those resulting from Reorganization, are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Great Hill Group. All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Merger accounting for business combinations involving entities under common control

The Financial Information incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognized in respect of goodwill or excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination. The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the previous balance date or when they first came under common control, whichever is the shorter.

Subsidiaries

A subsidiary is an enterprise in which the Great Hill has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

Investments in subsidiaries are included in the Great Hill's balance sheet at cost less any impairment losses. The results of the subsidiaries are accounted for by the Great Hill on the basis of dividend received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Financial instruments

Financial assets and financial liabilities are recognized on the Great Hill Group's balance sheet when the Great Hill Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Financial assets

The Great Hill Group's financial assets include loans and receivables. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchase or sales are purchases or sales of financial assets that requires delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets set out below.

(i) Loans and receivables

Loans and receivables (including other receivables and bank balances and cash) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method, less any identified impairment losses. An impairment loss is recognized in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets

At each balance sheet date, financial assets are reviewed to determine whether there is objective evidence of impairment. If any such evidence exists, the impairment loss is measured and recognized as follows:

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets' original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognized in income statement of the period in which the reversal occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in income statement of the period in which the reversal occurs.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Great Hill Group's financial liabilities are generally classified into other financial liabilities.

Other financial liabilities

Other financial liabilities including amount due to ultimate holding company are subsequently measured at amortized cost, using the effective interest method.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Great Hill Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received or receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss. For financial liabilities, they are removed from the Great Hill Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Recognition of income

Revenue is recognized when it is probable that the economic benefits will flow to the Great Hill Group and when the revenue can be measured reliably, on the following bases:

Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable;

Related parties

A party is considered to be related to the Great Hill Group if:

(a) the party, directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Great Hill Group; (ii) has an interest in the Great Hill Group that gives it significant influence over the Great Hill Group; or (iii) has joint control over the Great Hill Group;

(b) the party is a jointly-controlled entity;

(c) the party is a member of the key management personnel of the Great Hill Group;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of employees of the Great Hill Group, or of any entity that is a related party of the Great Hill Group.

Foreign currencies translation

The Financial Information are presented in Hong Kong dollars (HK$), which is also the functional currency of the Great Hill Group. In the separate financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the income statement under "other financial income" or "administrative and other operating expenses", respectively.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies translation *(Continued)*

In the Financial Information, all separate financial statements of subsidiaries, originally presented in a currency different from the Great Hill Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rate at the balance sheet date. Income and expenses have been converted into Hong Kong dollars at the average rates over the reporting period. Any differences arising from this procedure have been dealt with in the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Hong Kong dollars at the closing rate.

Other exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments less bank overdrafts which are repayable on demand and form an integral part of Great Hill's cash management.

Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with issuing of shares are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Nevertheless, the resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimate impairment of other receivables

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Management reassesses the adequacy of impairment on a regular basis. Where the actual cash flows are less than expected, a material impairment loss may arise.

5. **CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY** *(Continued)*

Fair values of other financial assets and liabilities

The fair values of loans and receivables and financial liabilities are accounted for or disclosed in the financial statements. The calculation of fair values requires the Great Hill Group to estimate the future cash flows expected to arise from those assets and liabilities and suitable discount rates. Variations in the estimated future cash flows and the discount rates used may result in adjustments to the carrying amounts of these assets and liabilities and the amounts disclosed in the financial statements.

6. **FINANCIAL INSTRUMENT**

a. **Categories of financial instruments**

	Period from January 10, 2008 (date of incorporation) to January 31, 2008
	HK$
Financial asset	
Loan and receivables (including cash and cash equivalent)	60,035,882
Financial liability	
Financial liability at amortized cost	60,204,654

b. **Financial risk management objectives and policies**

The Great Hill Group's major financial instruments include other receivable, bank balances and amount due from ultimate holding company. The details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

As at January 31, 2008, the Great Hill Group's maximum exposure to credit risk which will cause a financial loss to the Great Hill Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Great Hill Group is arising from:

— the carrying amount of the respective recognized financial assets as stated in the balance sheet.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

6. FINANCIAL INSTRUMENT *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Foreign exchange risk

Currency risk is the risk that the holding of foreign currencies will affect the Great Hill Group's position as a result of a change in foreign currency exchange rates. The Great Hill Group's foreign exchange risk positions arise from foreign exchange dealing, commercial banking operations and structural foreign currency exposures. The Great Hill Group's assets and liabilities are mainly denominated in Hong Kong dollars of which the exchange rates have remained relatively stable among each other for the period ended January 31, 2008.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Great Hill Group's short, medium and long-term funding and liquidity management requirements. The Great Hill Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Great Hill Group's remaining contractual maturity for its non-derivate financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Great Hill Group can be required to pay. The table includes both interest and principal cash flows.

At January 31, 2008	**Weighted average effective interest rate**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
		HK$	*HK$*	*HK$*	*HK$*
Amount due to ultimate holding company	N/A	60,204,654	—	—	—

Interest rate risk

The Great Hill Group has no significant interest-bearing assets, the Great Hill Group's income and operating cash flow are substantially independent of change in market interest rates.

6. FINANCIAL INSTRUMENT *(Continued)*

c. Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The directors of the Great Hill Group consider that the carrying amounts of financial assets and financial liabilities at amortized cost in the financial statements approximate their fair values. The carrying amounts of significant financial assets and liabilities are approximate their respective fair values as at January 31, 2008.

d. Capital risk management

The Great Hill Group manages its capital to ensure that entity will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The directors of the Great Hill Group review the capital structure on an annual basis. As a part of this review, the directors of the Great Hill Group consider the cost of capital and other sources of funds other than issuance of shares, including borrowings from related parties. Based on the recommendation of the directors of the Great Hill Group, the Great Hill Group will balance its overall capital structure through raising or repayment of borrowings. No changes were made in the objectives, policies or processes during the Relevant Periods.

7. TURNOVER AND REVENUE

The Great Hill Group is engaged in investment holding. Revenue recognized during the Relevant Period is as follows:

	Period from January 10, 2008 (date of incorporation) to January 31, 2008
	HK$
Turnover	—
Other revenue	
Bank interest income	30
Total revenue	30

8. SEGMENT INFORMATION

No business or geographical segment analysis is presented as all operations, assets and liabilities of the Great Hill Group during the Relevant Period are related to investment holding.

9. TAXATION

No Hong Kong Profits Tax has been provided in the financial statements as the Great Hill Group did not derive any assessable profits during the Relevant Period.

No deferred tax has bee provided as the Great Hill Group did not have any significant temporary differences which gave rise to a deferred tax asset or liability at the balance sheet date for the period presented.

10. LOSS ATTRIBUTABLE TO EQUITY HOLDER OF GREAT HILL

Of the consolidated loss attributable to equity holder of Great Hill of HK$159,509, a loss of HK$9,000 has been dealt with in the accounts of Great Hill.

11. DIRECTORS' REMUNERATION

No directors' remuneration was paid or payable during the Relevant Period.

12. INTERESTS IN SUBSIDIARIES

	January 31, 2008
	HK$
Unlisted shares, at cost	10,000
Advance to subsidiary	60,176,654
	60,186,654

Details of the Great Hill's subsidiaries as at January 31, 2008 are as follows:

Name	**Place of incorporation**	**Place of operation**	**Class of share held**	**Proportion of Nominal value of issued capital held by Great Hill**		**Principal activity**
				Direct	**Indirect**	
Welford International Industrial Limited	Hong Kong	Hong Kong	Ordinary	100%	—	Investment holding
Kings Union International Limited	British Virgin Islands	Hong Kong	Ordinary	—	100%	Dormant

13. OTHER RECEIVABLES

	January 31, 2008
	HK$
Other receivables	60,000,000

The aged analysis of other receivable is as follow:

	January 31, 2008
	HK$
Within one year	60,000,000
Between one and two year	—
Between two and five years	—
At end of the Relevant Period	60,000,000

14. BANK BALANCES AND CASH

Bank balances and cash comprised of bank deposit with short maturity at market interest rate and cash on hand.

15. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The balance is unsecured, interest-free and with no fixed term of repayment.

16. SHARE CAPITAL

	January 31, 2008
	HK$
Authorised:	
50,000 ordinary shares at no par value	—
Issued and fully paid:	
100 ordinary share of US$1 each	780

Great Hill was incorporated with 50,000 ordinary shares at no par value of which 100 ordinary share of US$1 was allotted at par for cash to a subscriber as initial capital.

17. RESERVES

Merger reserve

Merger reserve represents the difference between the equity interests of the subsidiaries acquired pursuant to the Reorganization and the related investment cost by Great Hill.

18. CAPITAL COMMITMENTS

Welford International Industrial Limited, the wholly owned subsidiary of Great Hill is negotiating with certain third parties to establish joint ventures in which the Welford International Industrial Limited will invest RMB23,000,000 (equivalent to approximately HK$25,000,000) to develop exploitation, trading, selling of oil and oil retailed products in the PRC.

In addition to the above, the Great Hill Group's share of the capital commitments of its joint ventures are as follows:

	January 31, 2008
	HK$
Contracted for but not provided	25,000,000

19. POST BALANCE SHEET EVENT

No significant events have taken place subsequent to January 31, 2008.

20. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Great Hill Group in respect of any period subsequent to January 31, 2008.

Morison Heng
Chartered Accountants
Certified Public Accountants

Hong Kong

The following is the text of a report, prepare for the purpose of incorporation in this circular, received from Morison Heng in respect of the accountant's report on the HK Subsidiary.

MORISON HENG
Chartered Accountants
Certified Public Accountants

Date: March 26, 2008

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

Dear Sirs,

We set out below our report on the financial information regarding Welford International Industrial Limited ("Welford") and its subsidiaries (hereinafter collectively referred to as the "Welford Group") for each of the two years ended December 31, 2006 and 2007 and the one month ended January 31, 2008 (the "Relevant Period") for inclusion in the circular dated March 26, 2008 issued by Sunny Global Holdings Limited ("the Company") in connection with the proposed acquisition of 75% equity interest in Great Hill Trading Limited which, upon Completion, shall be indirectly interested in the entire interest of the Welford Group (the "Circular").

Welford was incorporated in Hong Kong with limited liability on October 3, 2006. The principal activity of Welford is investment holding.

At the date of this report, the particulars of Welford's subsidiary are as follows:

Name of subsidiary	Place and date of incorporation	Issued and fully paid share capital	Proportion of equity held by Welford	Principal activities
Kings Union International Limtied	British Virgin Islands	US$1	100%	Dormant

The Welford Group has adopted December 31 as its financial year end date. Up to the date of this report, no audited financial statements have been prepared for the Welford Group since its date of incorporation as there are no statutory requirements.

For the purpose of this report, the directors of Welford have prepared the consolidated financial statements of the Welford Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKIPCA.

The Financial Information of the Welford Group for the Relevant Period has been prepared from the Underlying Financial Statements for the purpose of preparing our report for inclusion in the Circular. No adjustment was deemed necessary to the Underlying Financial Statements in preparing our report for inclusion in the Circular. We have examined the Underlying Financial Statements for the Relevant Period in accordance with the Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" as recommended by the HKICPA.

The Underlying Financial Statements are the responsibility of the directors of Welford who approved their issues. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together with the notes thereon gives, for the purpose of this report, a true and fair view of the state of affairs of Welford and the Welford Group as at January 31, 2008 and of the consolidated results and consolidated cash flows of the Welford Group for the Relevant Period.

FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

	Note	Period from Oct 3, 2006 (Date of incorporation) to December 31 2006	Period from Jan 1, 2007 to December 31 2007	One month ended January 31 2007	One month ended January 31 2008
		HK$	HK$	HK$	HK$
Turnover	7	—	—	—	—
Other revenue	7	—	37	—	—
Administrative expenses		(9,900)	(115,979)	—	(34,710)
Loss from operations		(9,900)	(115,942)	—	(34,710)
Finance cost		—	—	—	—
Loss before taxation		(9,900)	(115,942)	—	(34,710)
Taxation	9	—	—	—	—
Net loss for the period	10	(9,900)	(115,942)	—	(34,710)

CONSOLIDATED BALANCE SHEETS

		As at December 31		As at January 31,
		2006	**2007**	**2008**
	Notes	*HK$*	*HK$*	*HK$*
ASSETS				
Current assets				
Other receivables	*13*	—	60,000,000	60,000,000
Amount due from shareholder	*14*	1	—	—
Bank balances and cash	*15*	—	90,804	35,102
		1	60,090,804	60,035,102
Current liabilities				
Accruals		9,900	—	—
Amount due to immediate holding company	*16*	—	—	60,176,654
Amount due to ultimate holding company	*16*	—	60,206,646	9,000
		9,900	60,206,646	60,185,654
NET LIABILITIES		(9,899)	(115,842)	(150,552)
CAPITAL AND RESERVES				
Share capital	*17*	1	10,000	10,000
Accumulated losses		(9,900)	(125,842)	(160,552)
		(9,899)	(115,842)	(150,552)

BALANCE SHEETS OF WELFORD INTERNATIONAL INDUSTRIAL LIMITED

				As at
		As at December 31		**January 31,**
		2006	**2007**	**2008**
	Notes	*HK$*	*HK$*	*HK$*
ASSETS				
Non-current assets				
Investment in a subsidiary	*12*	—	—	8
Current assets				
Other receivables	*13*	—	60,000,000	60,000,000
Amount due from shareholder	*14*	1	—	—
Bank balances and cash	*15*	—	90,804	35,094
		1	60,090,804	60,035,094
Current liabilities				
Accruals		9,900	—	—
Amount due to immediate holding company	*16*	—	—	60,176,654
Amount due to ultimate holding company	*16*	—	60,206,646	—
		9,900	60,206,646	60,176,654
Net current liabilities		(9,899)	(115,842)	(141,560)
NET LIABILITES		(9,899)	(115,842)	(141,552)
CAPITAL AND RESERVES				
Share capital	*17*	1	10,000	10,000
Accumulated losses		(9,900)	(125,842)	(151,552)
		(9,899)	(115,842)	(141,552)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Accumulated losses	Total
	HK$	*HK$*	*HK$*
Issue of share capital	1	—	1
Net loss for the period	—	(9,900)	(9,900)
Balance at January 1, 2007	1	(9,900)	(9,899)
Issue of share capital	9,999	—	9,999
Net loss for the year	—	(115,942)	(115,942)
Balance at January 1, 2008	10,000	(125,842)	(115,842)
Net loss for the period	—	(34,710)	(34,710)
Balance at January 31, 2008	10,000	(160,552)	(150,552)

CONSOLIDATED CASH FLOW STATEMENTS

	Period from Oct 3, 2006 (Date of incorporation) to December 31 2006	Period from Jan 1, 2007 to December 31 2007	One month ended January 31 2007	One month ended January 31 2008
	HK$	*HK$*	*HK$*	*HK$*
Operating activities				
Loss before taxation	(9,900)	(115,942)	—	(34,710)
Adjustment for:				
Interest income	—	(37)	—	—
Operating loss before working capital changes	(9,900)	(115,979)	—	(34,710)
(Increase)/Decrease in amount due to from shareholder	(1)	1	—	—
Increase in other receivables	—	(60,000,000)	—	—
Increase/(Decrease) in accruals	9,900	(9,900)	—	—
Increase in amount due to immediate holding company	—	—	—	60,176,654
Increase/(Decrease) in amount due to ultimate holding company	—	60,206,646	—	(60,197,646)
Net cash (used in)/from operating activities	(1)	80,768	—	(55,702)
Cash flows from investing activities				
Interest received	—	37	—	—
Net cash from investing activities	—	37	—	—
Cash flows from financing activities				
Proceeds from issuance of share capital	1	9,999	—	—
Net cash from financing activities	1	9,999	—	—
Net increase/(decrease) in cash and cash equivalents and at the end of the period	—	90,804	—	(55,702)
Cash and cash equivalent at the beginning of the period	—	—	—	90,804
Cash and cash equivalent at the end of period	—	90,804	—	35,102
Analysis of cash and cash equivalent at the end of the period				
Bank balances and cash	—	90,804	—	35,102

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFOMRATION

Welford is incorporated in Hong Kong with limited liability on October 3, 2006. The address of the registered office of Welford is Room B, 16/F., Success Comm. Building, 245-251 Hennessy Road, Wan Chai, Hong Kong.

Welford is an investment holding company. The Financial Information is presented in Hong Kong dollars, which is the presentation and functional currency of the Company.

The Financial Information of the Relevant Periods has been prepared in accordance with the accounting policies adopted by the Company, details of which are set out in Note 4, which conform with Hong Kong Financial Reporting Standards ("HKFRSs"). In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARTION OF FINANCIAL INFORMATION

The Financial Information has been prepared on a going concern basis because Wisdom First Limited has agreed to provide adequate funds to enable the Welford Group to meet in full its financial obligations as they fall due so long as it remains as its controlling shareholder. The Company has also agreed that upon completion of its acquisition of 75% equity interests in Great Hill, it will provide financial support to the Welford Group to enable it to meet its financial obligations as they fall due for the foreseeable future.

3. ADOPTION OF NEW AND REVISED HONG KONG ACCOUNTING STANDARDS.

At the date of this report, HKICPA issued the following new and revised HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as "new HKFRSs") that have been issued but are not yet effective. However, the Welford Group has not early applied these new and revised standards or interpretations. The directors of Welford anticipate that the application of these new HKFRSs will have no material impact on the results and financial position of Welford Group.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 11	HKFRS 2 Group and Treasury Share Transactions[2]
HK(IFRIC) — Int 12	Service Concession Arrangements[3]

1 Effective for annual periods beginning on or after January 1, 2009

2 Effective for annual periods beginning on or after March 1, 2007

3 Effective for annual periods beginning on or after January 1, 2008

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost convention and in accordance with the accounting principles as set out below which conform with HKFRSs.

Basis of consolidation

The Financial Information incorporates the financial information of Welford and entities controlled by Welford (its subsidiaries). Control is achieved where Welford has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial information of the subsidiaries to bring their accounting policies in line with those by other members of the Welford Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Subsidiaries

A subsidiary is an enterprise in which Welford has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

Investments in subsidiaries are included in the Welford's balance sheet at cost less any impairment losses. The results of the subsidiaries are accounted for by Welford on the basis of dividend received and receivable.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognized on the Welford Group's balance sheet when the Welford Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Financial assets

The Welford Group's financial assets include loans and receivables. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchase or sales are purchases or sales of financial assets that requires delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets set out below.

(i) Loans and receivables

Loans and receivables (including other receivables and bank balances and cash) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method, less any identified impairment losses. An impairment loss is recognized in income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Impairment of financial assets

At each balance sheet date, financial assets are reviewed to determine whether there is objective evidence of impairment. If any such evidence exists, the impairment loss is measured and recognized as follows:

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets' original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognized in income statement of the period in which the reversal occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in income statement of the period in which the reversal occurs.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Welford Group's financial liabilities are generally classified into other financial liabilities.

Other financial liabilities

Other financial liabilities including accruals, amount due to immediate holding company and amount due to ultimate holding company are subsequently measured at amortized cost, using the effective interest method.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Welford Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received or receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss. For financial liabilities, they are removed from the Welford Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

Related parties

A party is considered to be related to the Welford Group if:

(a) the party, directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Welford Group; (ii) has an interest in the Welford Group that gives it significant influence over the Welford Group; or (iii) has joint control over the Welford Group;

(b) the party is a jointly-controlled entity;

(c) the party is a member of the key management personnel of the Welford Group;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of employees of the Welford Group, or of any entity that is a related party of the Welford Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies translation

The Financial Information are presented in Hong Kong dollars (HK$), which is also the functional currency of the Welford Group. In the separate financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the income statement under "other financial income" or "administrative and other operating expenses", respectively.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the Financial Information, all separate financial statements of subsidiaries, originally presented in a currency different from the Welford Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rate at the balance sheet date. Income and expenses have been converted into Hong Kong dollars at the average rates over the reporting period. Any differences arising from this procedure have been dealt with in the currency translation reserve in equity.

Other exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Recognition of income

Revenue is recognized when it is probable that the economic benefits will flow to the Welford Group and when the revenue can be measured reliably, on the following bases:

Interest income from bank deposits is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable;

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments less bank overdrafts which are repayable on demand and form an integral part of Welford's cash management.

Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with issuing of shares are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Nevertheless, the resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimate impairment of other receivables

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Management reassesses the adequacy of impairment on a regular basis. Where the actual cash flows are less than expected, a material impairment loss may arise.

Fair values of other financial assets and liabilities

The fair values of loans and receivables and other financial liabilities are accounted for or disclosed in the Financial Information. The calculation of fair values requires the Welford Group to estimate the future cash flows expected to arise from those assets and liabilities and suitable discount rates. Variations in the estimated future cash flows and the discount rates used may result in adjustments to the carrying amounts of these assets and liabilities and the amounts disclosed in the Financial Information.

6. FINANCIAL INSTRUMENT

a. Categories of financial instruments

Welford Group

	As at December 31		As at January 31
	2006	**2007**	**2008**
	HK$	*HK$*	*HK$*
Financial asset			
Loan and receivables (including cash and cash equivalent)	10,000	60,090,804	60,035,102
Financial liabilities			
Other financial liabilities at amortized cost	9,900	60,206,647	60,185,654

Welford

	As at December 31		As at January 31
	2006	**2007**	**2008**
Financial asset			
Loan and receivables (including cash and cash equivalent)	10,000	60,090,804	60,035,094
Financial liabilities			
Other financial liabilities at amortized cost	9,900	60,206,647	60,176,654

6. **FINANCIAL INSTRUMENT** *(Continued)*

b. Financial risk management objectives and policies

The Welford Group's major financial instruments include other receivables, bank balances and amount due from shareholder. The details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

As at January 31, 2008, the Welford Group's maximum exposure to credit risk which will cause a financial loss to the Welford Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Welford Group is arising from:

— the carrying amount of the respective recognized financial assets as stated in the balance sheet.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Foreign exchange risk

Currency risk is the risk that the holding of foreign currencies will affect the Welford Group's position as a result of a change in foreign currency exchange rates. The Welford Group's foreign exchange risk positions arise from foreign exchange dealing, commercial banking operations and structural foreign currency exposures. The Welford Group's assets and liabilities are mainly denominated in Hong Kong dollars of which the exchange rates have remained relatively stable among each other for the period ended January 31, 2008.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Welford Group's short, medium and long-term funding and liquidity management requirements. The Welford Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

6. **FINANCIAL INSTRUMENT** *(Continued)*

b. **Financial risk management objectives and policies** *(Continued)*

Liquidity risk *(Continued)*

The following tables detail the Welford Group's remaining contractual maturity for its non-derivate financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Welford Group can be required to pay. The table includes both interest and principal cash flows.

At December 31, 2006	**Weighted average effective interest rate**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
		HK$	*HK$*	*HK$*	*HK$*
Accruals	N/A	9,900	—	—	—

At December 31, 2007	**Weighted average effective interest rate**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
		HK$	*HK$*	*HK$*	*HK$*
Amount due to ultimate holding company	N/A	60,206,646	—	—	—

At January 31, 2008	**Weighted average effective interest rate**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
		HK$	*HK$*	*HK$*	*HK$*
Amount due to ultimate holding company	N/A	60,176,654	—	—	—
Amount due to immediate holding company	N/A	9,000	—	—	—

6. **FINANCIAL INSTRUMENT** *(Continued)*

b. **Financial risk management objectives and policies** *(Continued)*

Interest rate risk

The Welford Group has no significant interest-bearing assets, the Welford Group's income and operating cash flow are substantially independent of change in market interest rates.

c. **Fair value**

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The directors of the Welford Group consider that the carrying amounts of financial assets and financial liabilities at amortized cost in the financial statements approximate their fair values. The carrying amounts of significant financial assets and liabilities are approximate their respective fair values as at January 31, 2008.

d. **Capital risk management**

The Welford Group manages its capital to ensure that entity will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The directors of the Welford Group review the capital structure on an annual basis. As a part of this review, the directors of the Welford Group consider the cost of capital and other sources of funds other than issuance of shares, including borrowings from related parties. Based on the recommendation of the directors of the Welford Group, the Welford Group will balance its overall capital structure through raising or repayment of borrowings. No changes were made in the objectives, policies or processes during the Relevant Periods.

7. **TURNOVER AND REVENUE**

The Welford Group is engaged in investment holding. Revenue recognized during the Relevant Period is as follows:

	Period from Oct 3, 2006 (Date of incorporation) to December 31 2006	**Period from Jan 1, 2007 to December 31 2007**	**One month ended January 31 2007**	**One month ended January 31 2008**
	HK$	*HK$*	*HK$*	*HK$*
Turnover	—	—	—	—
Other revenue				
Bank interest income	—	37	—	—
Total revenue	—	37	—	—

8. SEGMENT INFORMATION

No business or geographical segment analysis is presented as all operations, assets and liabilities of the Welford Group during the Relevant Period are related to investment holding.

9. TAXATION

No Hong Kong Profits Tax has been provided in the financial statements as the Welford Group did not derive any assessable profits during the Relevant Period.

No deferred tax has bee provided as the Welford Group did not have any significant temporary differences which gave rise to a deferred tax asset or liability at the balance sheet date for the period presented.

10. LOSS ATTIRIBUTABLE TO EQUITY HOLDER OF WELFORD

Of the consolidated loss attributable to equity holder of Welford of HK$34,710, a loss of HK$25,710 has been dealt with in the accounts of Welford.

11. DIRECTORS' REMUNERATION

No directors' remuneration was paid or payable during the Relevant Period.

12. INVESTMENT IN A SUBSIDIARY

	As at December 31		As at January 31
	2006	**2007**	**2008**
	HK$	*HK$*	*HK$*
Unlisted shares, at cost	—	—	8

Details of the Welford's subsidiary as at January 31, 2008 are as follows:

Name	Place of incorporation	Place of operation	Class of share held	Proportion of Nominal value of issued capital held by Welford	Principal activity
Kings Union International Limtied	British Virgin Islands	Hong Kong	Ordinary	100%	Dormant

13. OTHER RECEIVABLES

	As at December 31		As at January 31
	2006	**2007**	**2008**
	HK$	*HK$*	*HK$*
Other receivables	—	60,000,000	60,000,000

The aged analysis of other receivables is as follow:

	As at December 31		As at January 31
	2006	**2007**	**2008**
	HK$	*HK$*	*HK$*
Within one year	—	60,000,000	60,000,000
Between one and two years	—	—	—
Between two and five years	—	—	—
	—	60,000,000	60,000,000

14. AMOUNT DUE FROM SHAREHOLDER

The balance is unsecured, interest-free and with no fixed term of repayment.

15. BANK BALANCES AND CASH

Bank balances and cash comprised of bank deposit with short maturity at market interest rate and cash on hand.

16. AMOUNT DUE TO IMMEDIATE/ULTIMATE HOLDING COMPANY

The balances are unsecured, interest-free and with no fixed term of repayment.

17. SHARE CAPITAL

	As at December 31		As at January 31
	2006	**2007**	**2008**
	HK$	*HK$*	*HK$*
Authorized, issued and fully paid:			
Ordinary shares at HK$1.00 each			
At beginning of the period	—	1	10,000
Increase during the period	1	9,999	—
At end of the period	1	10,000	10,000

Welford was incorporated with authorized share capital of HK$10,000 divided into 10,000 ordinary shares of HK$1 each. One ordinary share was issued at part to subscriber upon incorporation. On November 5, 2007, 9,999 ordinary shares of HK$1.00 each were allotted at par for cash.

18. CAPITAL COMMITMENTS

Welford is negotiating with certain third parties to establish joint ventures in which the Welford International Industrial Limited will invest RMB 23,000,000 (equivalent to approximately HK$25,000,000) to develop exploitation, trading, selling of oil and oil retailed products in the PRC.

In addition to the above, the Welford Group's share of the capital commitments of its joint ventures are as follows:

	As at December 31		As at January 31
	2006	**2007**	**2008**
	HK$	*HK$*	*HK$*
Contracted but not provided	—	25,000,000	25,000,000

19. POST BALANCE SHEET EVENT

No significant events have taken place subsequent to January 31, 2008.

20. SUBSEQUENT FINANICIAL STATEMENTS

No audited financial statements have been prepared for the Welford Group in respect of any period subsequent to January 31, 2008.

Morison Heng
Chartered Accountants
Certified Public Accountants

Hong Kong

1. SUMMARY OF FINANCIAL INFORMATION

The following table summaries the results, assets and liabilities of the Group for the last three financial years ended 30 September 2006 as extracted from the relevant published financial statements of the Group.

	Year ended 30 September		
	2006	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	26,808	42,809	136,989
Operating (loss)/profit	(36,832)	(59,724)	(41,978)
Gain on disposal of subsidiaries	—	1,523	20,534
Share of profit of an associate	3	—	—
Financial income	546	146	211
Finance costs	—	(150)	(235)
(Loss)/Profit before taxation and minority interests	(36,283)	(58,205)	(21,468)
Income tax expense	—	—	—
(Loss)/profit before minority interests	(36,283)	(58,205)	(21,468)
Minority interests	(357)	(315)	—
(Loss)/Profit attributable to shareholders	(35,926)	(57,890)	(21,468)

	2006	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	81,999	80,368	144,303
Total liabilities	(9,601)	(7,222)	(31,884)
Minority interests	(3,348)	(622)	—
Shareholders' funds	69,050	72,524	112,419

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following are the audited financial statements of the Group for the two years ended 30 September 2006 together with accompanying notes as extracted from the 2006 Annual Report of the Company. References to page numbers in this appendix are to the page numbers of the 2006 Annual Report of the Company.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2006

	Notes	2006 HK$'000	2005 HK$'000
Revenue and turnover	4	26,808	42,809
Cost of sales		(22,287)	(40,816)
Gross profit		4,521	1,993
Other income	5	4,981	—
Impairment loss on property, plant and equipment		(2,000)	—
Impairment loss on goodwill		(24,000)	(51,761)
Impairment loss on trade and other receivables		(7,135)	—
Administrative and other operating expenses		(13,199)	(9,597)
Selling and distribution costs		—	(359)
Operating loss		(36,832)	(59,724)
Share of profit of an associate		3	—
Gain on disposal of subsidiaries	24.1	—	1,523
Financial income		546	146
Finance costs	6	—	(150)
Loss before taxation	6	(36,283)	(58,205)
Income tax expense	7	—	—
Loss for the year		(36,283)	(58,205)
Attributable to:			
Equity holders of the Company	8	(35,926)	(57,890)
Minority interests		(357)	(315)
Loss for the year		(36,283)	(58,205)
		HK Cents	HK Cents
Dividend	10	—	—
Loss per share for loss attributable to equity holders of the Company	9		
— Basic		(2.98)	(5.63)
— Diluted		(2.94)	N/A

CONSOLIDATED BALANCE SHEET

As at 30 September 2006

	Notes	2006 HK$'000	2005 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	4,637	2,064
Interest in an associate	15	6,194	—
Consideration paid for acquisition of subsidiaries	20, 26	4,500	22,000
Goodwill	16	38,222	—
		53,553	24,064
Current assets			
Trade receivables, other receivables and deposits	17	10,035	36,339
Loan to a minority shareholder	27	464	—
Cash and bank balance	18	17,947	19,965
		28,446	56,304
Current liabilities			
Trade and other payables	19	9,601	7,222
Net current assets		18,845	49,082
Total assets less current liabilities/ Net assets		72,398	73,146
EQUITY			
Share capital	20	145,000	115,000
Accumulated losses		(96,166)	(60,240)
Other reserves	23	20,216	17,764
Total equity attributable to equity holders of the Company		69,050	72,524
Minority interests		3,348	622
Total equity		72,398	73,146

BALANCE SHEET

As at 30 September 2006

	Notes	2006 HK$'000	2005 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	14	7,092	7,092
Consideration paid for acquisition of subsidiaries	20	—	22,000
		7,092	29,092
Current assets			
Amounts due from subsidiaries	14	137,687	76,690
Trade and other receivables	17	43	17,348
Cash at banks		14,342	3,890
		152,072	97,928
Current liabilities			
Amount due to a subsidiary	14	4,766	—
Other payables	19	1,636	1,734
		6,402	1,734
Net current assets		145,670	96,194
Total assets less current liabilities/ Net assets		152,762	125,286
EQUITY			
Share capital	20	145,000	115,000
Accumulated losses	23	(31,122)	(26,298)
Other reserves	23	38,884	36,584
Total equity		152,762	125,286

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 September 2006

	Notes	2006 HK$'000	2005 HK$'000
Cash flows from operating activities			
Loss before taxation		(36,283)	(58,205)
Adjustments for:			
Depreciation and amortisation on property, plant and equipment		756	1,038
Impairment loss on goodwill		24,000	51,761
Write off of property, plant and equipment		—	318
Impairment loss on property, plant and equipment		2,000	—
Impairment loss on trade and other receivables		7,135	—
Gain on disposal of subsidiaries		—	(1,523)
Interest expenses		—	150
Interest income		(546)	(74)
Share of profit of an associate		(3)	—
Operating loss before working capital changes		(2,941)	(6,535)
Increase in inventories		—	(2,174)
Decrease in trade receivables, other receivables and deposits		20,140	2,532
Decrease in trade and other payables		(1,121)	(6,760)
Cash used in operations		16,078	(12,937)
Interest paid		—	(150)
Net cash generated from/(used in) operating activities		16,078	(13,087)

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

For the year ended 30 September 2006

	Notes	2006 HK$'000	2005 HK$'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,536)	(465)
Proceeds from disposal of subsidiaries, net of cash disposed of	*24.1*	600	7,937
Acquisition of subsidiaries, net of cash and cash equivalents acquired	*24.2*	(11,081)	(27,024)
Cash consideration paid for acquisition of subsidiaries		(4,500)	(4,000)
Loan to a minority shareholder		(464)	—
Interest received		546	74
Net cash used in investing activities		(20,435)	(23,478)
Cash flows from financing activities			
Proceeds from issue of warrant		2,300	—
New bank and other loans		—	1,698
Repayment of finance lease liabilities		—	(83)
Net cash generated from financing activities		2,300	1,615
Net decrease in cash and cash equivalents		(2,057)	(34,950)
Cash and cash equivalents at beginning of year		19,965	54,920
Effect of foreign exchange rate changes, on cash held		39	(5)
Cash and cash equivalents at end of year		17,947	19,965

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2006

	Equity attributable to equity holders of the Company			Minority interests	Total equity
	Share capital	Other reserves	Accumulated losses		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance as at 1 October 2004	103,000	13,689	(4,270)	—	112,419
Disposal of subsidiaries	—	(1,920)	1,920	—	—
Currency translation	—	(5)	—	—	(5)
Net amount recognised directly in equity	—	(1,925)	1,920	—	(5)
Loss for the year	—	—	(57,890)	(315)	(58,205)
Total recognised income and expense for the year	—	(1,925)	(55,970)	(315)	(58,210)
Pre-acquisition reserves of subsidiaries	—	—	—	937	937
New shares issued	12,000	6,000	—	—	18,000
Balance as at 30 September 2005	115,000	17,764	(60,240)	622	73,146

	Equity attributable to equity holders of the Company			Minority interests	Total equity
	Share capital	Other reserves	Accumulated losses		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance as at 1 October 2005	115,000	17,764	(60,240)	622	73,146
Currency translation	—	152	—	52	204
Net income recognised directly in equity	—	152	—	52	204
Loss for the year	—	—	(35,926)	(357)	(36,283)
Total recognised income and expense for the year	—	152	(35,926)	(305)	(36,079)
Pre-acquisition reserves of subsidiaries	—	—	—	3,031	3,031
New shares issued	30,000	—	—	—	30,000
Warrant issued	—	2,300	—	—	2,300
Balance as at 30 September 2006	145,000	20,216	(96,166)	3,348	72,398

Details of other reserves are set out in note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2006

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated and domiciled in Bermuda. The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is 10B, Lee West Commercial Building, 375-379 Hennessy Road, Wanchai, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group is 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 trading of footwear products.

The acquisitions of Golden Portal Holdings Limited and SLS Investments Limited as described in note 24 are in line with the Group's strategy to strengthen the provision of system integration services.

The financial statements for the year ended 30 September 2006 were approved by the board of directors on 27 February 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements on pages 23 to 67 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collectively include all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of these financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 September each year.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Subsidiaries and minority interests

Subsidiaries are entities over which the Company has the power to control the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

In addition, acquired subsidiaries are subject to application of the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and equity shareholders of the Company.

Where losses applicable to the minority interests exceed the minority interest in the equity of the subsidiaries, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority interests have a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, subsidiaries are carried at cost less impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture. Investment in associates is initially recognised at cost and subsequently accounted for using the equity method. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) or fair value adjustment attributable to the share in the associate identified on acquisition.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.5 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries and associates at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

On subsequent disposal of a subsidiary or associate, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

2.6 Property, plant and equipment

All property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment less their residual value, being the net amount which the Group expects to obtain from disposal of an asset at the end of its useful life after deducting the expected cost of disposal, over their estimated useful lives, using the straight line method, at the following rates per annum:

Equipment and furniture	20%
Motor vehicles	20%
Network equipment	20%

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Property, plant and equipment *(Continued)*

Leasehold improvements are amortised over the remaining unexpired period of the lease or its estimated useful life to the Group, whichever is shorter. The principal annual rate used is 20%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

2.7 Impairment of assets

The goodwill, interests in subsidiaries and associates and property, plant and equipment are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's or cashgenerating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial assets

Financial assets are recognised on their trade date. When financial assets are recognised initially, they are measured at fair value, plus in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less impairment losses for bad and doubtful debts.

Trade and other receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Financial assets at fair value through profit or loss include financial assets held for trading to be carried at fair value through profit or loss on initial recognition. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in income statement.

2.9 Foreign currency translation

The consolidated financial statements are presented in Hong Kong dollars (HK$), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of subsidiaries, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the balance sheet date. Income and expenses have been converted into Hong Kong dollars at the average rates over the reporting period. Any differences arising from this procedure have been dealt with in the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Hong Kong dollars at the closing rates.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Foreign currency translation *(Continued)*

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which related to that foreign operation is included in the calculation of the profit or loss on disposal.

Other exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.10 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments less bank overdrafts which are repayable on demand and form an integral part of Group's cash management.

2.12 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

2.13 Pension obligations and short term employee benefits

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

Interest expenses related to pension obligation are included in "finance costs" in the income statement. All other pension related benefit expenses are included in "staff costs".

Short-term employee benefits are recognised for the number of paid leave days (usually holiday entitlement) remaining at the balance sheet date. They are included in current pension and other employee obligation at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

The Group operates a Mandatory Provident Fund scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of independent trustees.

The employees of the Company's subsidiaries in the PRC participate in the state-managed retirement benefits schemes operated by the relevant local government authority in the PRC. The subsidiaries are required to make contribution to the retirement schemes at a certain percentage of the basic salaries of their employees.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Financial liabilities

The Group's financial liabilities include trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in 'finance costs' in the income statement.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

2.15 Warrant

A contract that will be settled by the Company delivering a fixed number of its own equity instrument in exchange of a fixed amount of cash or another financial asset is an equity instrument. Any consideration received from issue of warrant that is an equity instrument is added directly to warrant reserve. When the warrant is exercised, the warrant reserve is transferred to share capital and share premium as consideration for the shares issued.

2.16 Revenue and expense recognition

Revenue comprises the fair value for the sale of goods and services, net of discounts and after elimination of sales within the Group. Revenue is recognised as follows:

Sales of goods are recognised upon transfer of risk to the customer and collectibility of the related receivables is reasonably assured.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be provided.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Operating expenses are recognised in the income statement upon utilisation of services.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Leases

(a) Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the present value of the lease payments plus incidental payment, if any, to be borne by the lessee. A corresponding amount is recognised as a finance lease liability, irrespective of whether some of these lease payments are payable upfront at the date of inception of the lease.

Subsequent accounting for assets held under finance lease agreement, i.e. depreciation methods and useful lives, correspond to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed to finance costs.

(b) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Annual rentals applicable to such operating leases are charged to the income statement on a straight-line basis over the lease terms. Affiliated costs, such as maintenance and insurance, are expensed as incurred.

2.18 Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of goodwill, property, plant and equipment, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings.

Capital expenditure comprises additions to intangible assets and property, plant and equipment, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, sales are based on the country in which the customer is located and total assets and capital expenditure are where the assets are located.

3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

In accordance with the Group's internal financial reporting policy, its segment information is presented by way of two segments format: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Primary reporting format — business segments

The following tables present revenue, loss and certain assets, liabilities and capital expenditure information for the Group's business segments.

2006	**Information technology business** *HK$'000*	**Corporate** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
By principal activity:				
Sales to external customers	26,625	—	183	26,808
Segment results	(647)	(8,093)	62	(8,678)
Other income				4,981
Bank interest income				546
Impairment loss on property, plant and equipment	—	(2,000)	—	(2,000)
Impairment loss on goodwill	(24,000)	—	—	(24,000)
Impairment loss on trade and other receivables	(4,306)	—	(2,829)	(7,135)
Share of profit of an associate	3	—	—	3
Loss before taxation				(36,283)
Income tax expense				—
Loss for the year				(36,283)
Segment assets	8,579	73,420	—	81,999
Segment liabilities	6,035	3,566	—	9,601
Other information for the year				
Capital expenditure	36	5,500	—	5,536
Depreciation and amortisation on property, plant and equipment	718	38	—	756

3. SEGMENT INFORMATION *(Continued)*

Primary reporting format — business segments *(Continued)*

2005	Information technology business HK$'000	Leisure and athletic footwear HK$'000	Corporate HK$'000	Total HK$'000
By principal activity:				
Sales to external customers	26,203	16,606	—	42,809
Segment results	(1,383)	(720)	(5,830)	(7,933)
Bank interest income				74
Exchange difference				42
Finance costs				(150)
Impairment loss on goodwill				(51,761)
Gain on disposal of subsidiaries				1,523
Loss before taxation				(58,205)
Income tax expense				—
Loss for the year				(58,205)
Segment assets	10,872	3,461	66,035	80,368
Segment liabilities	1,549	3,325	2,348	7,222
Other information for the year				
Capital expenditure	2,248	14	—	2,262
Depreciation and amortisation on property, plant and equipment	345	693	—	1,038

3. SEGMENT INFORMATION *(Continued)*

Secondary reporting format — Geographical segments

The following tables provide an analysis of the Group's revenue and contribution to loss from operations by geographical market:

	Hong Kong	**PRC**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2006				
Segment revenue:				
Sales to external customers	6,371	20,254	183	26,808
Segment results	(7,733)	(1,007)	62	(8,678)
Other income				4,981
Financial income				546
Impairment loss on property, plant and equipment				(2,000)
Impairment loss on goodwill				(24,000)
Impairment loss on trade and other receivables				(7,135)
Share of profit of an associate				3
Loss before taxation				(36,283)
Income tax expense				—
Loss for the year				(36,283)

	Hong Kong	**PRC**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2005				
Segment revenue:				
Sales to external customers	—	38,757	4,052	42,809
Segment results	—	(7,174)	(759)	(7,933)
Bank interest income				74
Exchange difference				42
Finance costs				(150)
Impairment loss on goodwill				(51,761)
Gain on disposal of subsidiaries				1,523
Loss before taxation				(58,205)
Income tax expense				—
Loss for the year				(58,205)

3. SEGMENT INFORMATION *(Continued)*

Over 90% of the Group's assets as at 30 September 2006 and 30 September 2005 and its capital expenditure for the year then ended were located or utilised in the PRC. Accordingly, geographical segment information in relation to the Group's assets and capital expenditure has not been presented.

4. REVENUE AND TURNOVER

Turnover represents total invoiced value of goods sold, net of sales tax and services rendered.

An analysis of the Group's turnover is as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Information technology business		
— Trading of hardware and software	18,819	20,326
— Provision of services	7,806	5,877
	26,625	26,203
General trading	183	—
Footwear products	—	16,606
	26,808	42,809

5. OTHER INCOME

	2006	**2005**
	HK$'000	*HK$'000*
Claim obtained regarding the profit guarantee given by the guarantor on the profitability of a subsidiary previously acquired	5,000	—
Net loss on disposal of financial assets at fair value through profit or loss	(84)	—
Others	65	—
	4,981	—

6. LOSS BEFORE TAXATION

	2006	2005
	HK$'000	*HK$'000*
Loss before taxation is arrived at after charging:		
Auditors' remuneration	1,421	625
Professional fee	1,424	850
Cost of inventories recognised as expense		
— Footwear products	—	3,325
— Information technology business	22,287	37,491
	22,287	40,816
Depreciation and amortisation on property, plant and equipment	756	1,038
Write off of property, plant and equipment	—	318
Finance Cost — Interest charges on bank and other loans wholly repayable within five years	—	150
Rental in respect of office premises under operating leases	558	414
Staff costs (including directors' remuneration of HK$1,407,000 (2005: HK$1,705,000) and contributions to retirement benefits schemes of HK$280,000 (2005: HK$555,000))	6,343	5,277
and crediting:		
Financial income		
Exchange gain, net	—	42
Bank interest income	546	74
Others	—	30
	546	146

7. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for in the financial statements as the Group did not derive any assessable profit in Hong Kong for the year.

No PRC income tax has been provided for in the financial statements as the Group did not derive any assessable profit in the PRC for the year.

Reconciliation between tax expense and accounting loss at applicable tax rates:

	2006	**2005**
	HK$'000	*HK$'000*
Loss before income tax	(36,283)	(58,205)
Tax on loss before income tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	(6,330)	(10,323)
Tax effect of non-deductible expenses	6,444	10,289
Tax effect of non-taxable revenue	(3,541)	(31)
Tax effect of tax losses not recognised	3,541	65
Tax effect on temporary differences not recognised	43	—
Tax loss utilised	(157)	—
Income tax expense	—	—

At 30 September 2006, the tax effect of temporary differences for which deferred tax assets have not been recognised in the financial statements is in respect of the following:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Accelerated depreciation allowances	26	2
Tax losses	(10,366)	(571)
	(10,340)	(569)

Deferred tax assets have not been recognised in the financial statements due to the uncertainty regarding the availability of future profit streams. The tax losses will not expire under current tax legislation.

8. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company includes a loss of HK$4,824,000 (2005: HK$58,096,000) which has been dealt with in the financial statements of the Company.

9. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to equity holders for the year of HK$35,926,000 (2005: HK$57,890,000) and on the weighted average of 1,204,246,575 (2005: weighted average of 1,030,328,767) ordinary shares in issue during the year.

The calculation of diluted loss per share for current year is based on the Group's loss attributable to equity holders for the year of HK$35,926,000 and the weighted average of 1,220,630,137 ordinary shares outstanding during the year, adjusted for the effects of all dilutive potential shares.

No diluted loss per share is presented for last year as there were no dilutive potential ordinary shares in issue.

10. DIVIDEND

No dividend was attributable to the Company for current year and last year.

11. STAFF COSTS

	2006	**2005**
	HK$'000	*HK$'000*
Directors' remuneration	1,407	1,705
Staff wages and salaries	4,656	3,017
Pension costs — defined contribution plans	280	555
	6,343	5,277

12. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

12.1 Executive directors' and non-executive directors' emoluments

	Fee	Salaries and allowances	Contribution to defined contribution plan	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2006				
Executive directors				
Mr. Kwok Ming Fai	165	—	3	168
Mr. Tai King Foon	225	—	10	235
Mr. Yan Wa Tat	300	—	12	312
Mr. Too Shu Wing	42	—	2	44
Mr. Lo Chi Fai	39	—	2	41
	771	—	29	800
Non-executive director				
Mr. Lee Man Fa	340	—	12	352
Independent non-executive directors				
Mr. Liu Kwok Wah	96	—	—	96
Mr. Leung Sai Cheong	87	—	—	87
Mr. Wong Chi Chung	87	—	—	87
Mr. Tsui Pak Hang	13	—	—	13
Mr. Chan Wai Ming	13	—	—	13
	296	—	—	296
	1,407	—	41	1,448
2005				
Executive directors				
Mr. Lee Man Fa	—	340	—	340
Mr. Kwok Ming Fai	—	660	—	660
Mr. Yan Wa Tat	—	86	—	86
Mr. Tai King Foon	—	360	—	360
Mr. Lin Huis Sheng	—	—	—	—
Independent non-executive directors				
Mr. Liu Kwok Wah	96	—	—	96
Mr. Leung Sai Cheong	96	—	—	96
Mr. Wong Chi Chung	37	—	—	37
Mr. Li Wan Kwan	30	—	—	30
Mr. Kan Siu Lun	—	—	—	—
	259	1,446	—	1,705

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

12. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(Continued)*

12.2 Five highest paid individuals

Among the five highest paid individuals of the Group, one (2005: three) was a director of the Company. The remaining four (2005: two) highest paid individuals were management of the Group. The aggregate amount of the remuneration of these individuals which has not been disclosed in the directors' remuneration above is as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	2,065	1,120
Discretionary bonus	49	—
Retirement benefits contributions	40	20
	2,154	1,140

The number of the above individuals whose remuneration fall within the following bands is as follows:

	Number of individuals	
	2006	**2005**
Nil — HK$1,000,000	4	2

During the year, no emoluments were paid to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2005: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings	Plant and machinery	Equipment and furniture	Motor vehicles	Leasehold improvements	Network equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 October 2004							
Cost	4,800	7,719	945	510	—	—	13,974
Accumulated depreciation and amortisation	—	(2,888)	(329)	(150)	—	—	(3,367)
Net book amount	4,800	4,831	616	360	—	—	10,607
Year ended 30 September 2005							
Opening net book amount	4,800	4,831	616	360	—	—	10,607
Acquisition of subsidiaries	—	—	278	37	1,444	38	1,797
Additions	—	—	451	14	—	—	465
Disposal of subsidiaries	(4,681)	(4,063)	(405)	(300)	—	—	(9,449)
Write off	—	(318)	—	—	—	—	(318)
Depreciation and amortisation	(119)	(450)	(165)	(82)	(217)	(5)	(1,038)
Closing net book amount	—	—	775	29	1,227	33	2,064
At 30 September 2005							
Cost	—	—	927	37	1,444	38	2,446
Accumulated depreciation and amortisation	—	—	(152)	(8)	(217)	(5)	(382)
Net book amount	—	—	775	29	1,227	33	2,064

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Land and buildings	Plant and machinery	Equipment and furniture	Motor vehicles	Leasehold improvements	Network equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 September 2006							
Opening net book amount	—	—	775	29	1,227	33	2,064
Acquisition of subsidiaries *(Note 24)*	—	—	566	—	109	—	675
Additions	—	—	36	—	—	5,500	5,536
Disposal of subsidiaries *(Note 24)*	—	—	—	—	(939)	(25)	(964)
Impairment loss *(Note)*	—	—	—	—	—	(2,000)	(2,000)
Depreciation and amortisation	—	—	(423)	(8)	(317)	(8)	(756)
Exchange differences	—	—	80	2	—	—	82
Closing net book amount	—	—	1,034	23	80	3,500	4,637
At 30 September 2006							
Cost	—	—	1,614	39	109	5,500	7,262
Accumulated depreciation and amortisation	—	—	(580)	(16)	(29)	(2,000)	(2,625)
Net book amount	—	—	1,034	23	80	3,500	4,637

Note:

In 2006, management of the Group performed a review on the recoverable amount of the network equipment acquired for the year. Based on the assessment, the carrying amount of the network equipment was written down by HK$2,000,000. The estimates of recoverable amount were based on the machines' fair values less costs to sell, determined by reference to the recent observable market prices for similar assets within the same industry.

14. INTERESTS IN AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2006	**2005**
	HK$'000	*HK$'000*
Investments, at cost		
Unlisted shares	42,800	42,800
Less: Impairment loss	(35,708)	(35,708)
	7,092	7,092
Amounts due from subsidiaries	137,687	96,690
Less: Impairment loss	—	(20,000)
	137,687	76,690
Less: Amount due to a subsidiary	(4,766)	—
	132,921	76,690

The cost of the Company's investments in subsidiaries was determined by the directors on the basis of the underlying net assets of the subsidiaries at the time when they were acquired by the Company pursuant to the Group reorganisation completed on 12 June 2002.

The amount due from/to subsidiaries are unsecured, interest free and will be payable on demand.

14. INTERESTS IN AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries at 30 September 2006 are as follows:

Name	Country/Place of incorporation/ establishment and operation	Issued/ Registered capital	Attributable equity interests held by the Company		Principal activities
			Direct	Indirect	
Fortress Ocean Limited	British Virgin Islands ("BVI")	US$1,000 Ordinary shares	100%	—	Investment holding
Appraise Asia Investments Limited	BVI	US$1 Ordinary share	100%	—	Investment holding
Open Challenge Group Limited	BVI	US$1 Ordinary share	100%	—	Investment holding
Chinaway Network Technology Limited	Hong Kong	HK$4,000,000 Ordinary shares	—	100%	Network engineering and trading of information technology related hardware and software and general trading
Excel Star Technology Limited	BVI	US$1 Ordinary share	—	100%	Investment holding
Jiaxing Easeful Communication Co., Ltd	PRC	HK$2,000,000 Registered capital	—	51%	Provision of information technology services
Wider Development Limited	Hong Kong	HK$1 Ordinary share	—	100%	Provision of administrative and management services
Sunplan Technology Limited	Samoa	US$1 Ordinary share	—	100%	Trading of footwear products
Joy Century Holding Limited	Samoa	US$1 Ordinary share	—	100%	Dormant
SLS Investments Limited*	BVI	US$10,000 Ordinary share	—	100%	Investment holding
Gala Success (Asia) Ltd.*	Hong Kong	HK$10,000 Ordinary share	—	100%	Investment holding
Beijing Woda Taifeng Consultation Limited Co.	PRC	RMB1,500,000 Registered capital	—	89%	Provision of system development and integration of consulting services

14. INTERESTS IN AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES *(Continued)*

Name	Country/Place of incorporation/ establishment and operation	Issued/ Registered capital	Attributable equity interests held by the Company		Principal activities
			Direct	Indirect	
北京天迅視通科技發展有限公司*	PRC	RMB1,000,000 Registered capital	—	70%	Provision of system development and integration of consulting services
Golden Portal Holdings Limited*	BVI	US$100 Ordinary share	—	100%	Investment holding
Far Wealth Investment Limited*	Hong Kong	HK$1 Ordinary share	—	100%	Securities investment
Bartech (Hong Kong) Co. Limited*	Hong Kong	HK$1 Ordinary share	—	100%	Provision of administrative and management services
Capital Access Limited*	BVI	US$1 Ordinary Shares	—	100%	Investment holding
Bartech (International) Information Network Limited*	Hong Kong	HK$10,000,000 Ordinary share	—	70%	Provision of on-line information services

* *Subsidiaries acquired for the year*

15. INTEREST IN AN ASSOCIATE

	Group 2006	Group 2005
	HK$'000	*HK$'000*
Balance as at 1 October	—	—
Arising from acquisition of subsidiaries during the year *(Note 24)*	6,108	—
Share of post-acquisition profit and reserve	86	—
Balance as at 30 September	6,194	—

Particulars of the associate as at 30 September 2006 are as follows:

Name	Form of business structure	Country of incorporation and operation	Registered capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Principal activities
北京市海淀區有綫廣播電視網絡信息有限公司	corporated	PRC	RMB30,000,000	—	40%	Provision and development of broadband network services

Summary of the financial information on the associate:

	2006
	HK$'000
Assets	48,288
Liabilities	32,803
Revenues	2,353
Profit for the period	7

16. GOODWILL

The main changes in the carrying amounts of goodwill result from the acquisitions of Golden Portal Holdings Limited ("Golden Portal") and SLS Investments Limited ("SLS") and their groups of companies as well as the impairment of goodwill. The net carrying amount of goodwill can be analysed as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Net carrying amount at the beginning of the year	—	26,305
Additions *(note 24)*	62,222	25,456
Impairment losses	(24,000)	(51,761)
Net carrying amount at the end of the year	38,222	—

		2006		**2005**
	Golden Portal	**SLS**	**Total**	
	Note (a)	*Note (b)*		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Gross amount				
As at 1 October			51,761	26,305
Additions for the year *(note 24)*	25,135	37,087	62,222	25,456
Disposal of subsidiary during the year	—	—	(13,430)	—
As at 30 September	25,135	37,087	100,553	51,761
Accumulated impairment				
As at 1 October			51,761	—
Impairment loss for the period	9,000	15,000	24,000	51,761
Disposal of subsidiary during the year	—	—	(13,430)	—
As at 30 September	9,000	15,000	62,331	51,761
Net carrying amount	16,135	22,087	38,222	—

16. GOODWILL *(Continued)*

Notes:

(a) The recoverable amount for the cash-generating unit in relation to the subsidiaries of Golden Portal was determined based on value-in-use calculations, covering a detailed 10-year budget plan, followed by an extrapolation of expected cash flows at the growth rate from 1.0% to 1.5% with the discount rate of 17.97%.

(b) The recoverable amount for the cash-generating unit in relation to the subsidiaries of SLS was determined based on value-in-use calculations, covering a detailed 8-year budget plan, followed by an extrapolation of expected cash flows at the growth rate from 1.76% to 1.85% with the discount rate of 27.07%.

The directors of the Company had made the impairment on goodwill which mainly caused by the lacking of optimal economies of scale in internet technologies section, delay on the implementation of the business plan of the Group due to the changes in PRC business environment and repositioning of the Group in the PRC market in order to remain competitive. Also, the Group's internet technology division is still under the development stage.

The Group management's key assumptions have been determined based on past performance and their expectations for the market development. The discount rate used in pre-tax and reflects specific risks relating to the relevant cash-generating unit.

Apart from the considerations described above in determining the value-in-use of the cash generating unit, the Group's management are not currently aware of any other probable changes that would necessitate changes in their key assumptions.

The impairment loss recognised during the year is solely related to the Group's internet technologies activities based in Hong Kong and the PRC.

17. TRADE RECEIVABLES, OTHER RECEIVABLES AND DEPOSITS

Group

	2006	**2005**
	HK$'000	*HK$'000*
Trade receivables	10,135	11,344
Less: Impairment loss	(4,306)	—
Trade receivables — net	5,829	11,344
Other receivables	6,508	19,051
Less: Impairment loss	(2,829)	—
Other receivables — net	3,679	19,051
Prepayments and deposits	527	5,944
	10,035	36,339

17. TRADE RECEIVABLES, OTHER RECEIVABLES AND DEPOSITS *(Continued)*

The Group's policy is to allow an average credit period of 30 to 60 days to its trade customers. As at 30 September 2006, the ageing analysis of the trade receivables was as follows:

	2006	**2005**
	HK$'000	*HK$'000*
0-30 days	3,311	4,603
31-60 days	2	48
61-90 days	1	1,152
91-180 days	—	2,439
181-365 days	153	3,102
>365 days	2,362	—
	5,829	11,344

The outstanding of HK$2,362,000 which over 365 days of which HK$1,970,000 was related to the litigation showed in note 30 (ii). The directors of the Company considered no impairment was provided for as the litigation was under preliminary stage.

Company

	2006	**2005**
	HK$'000	*HK$'000*
Other receivables	730	11,848
Less: Impairment loss	(687)	—
Other receivables — net	43	11,848
Prepayments and deposits	—	5,500
	43	17,348

18. CASH AND BANK BALANCE

Group

Cash and bank balance include the following components:

	2006	**2005**
	HK$'000	*HK$'000*
Cash at bank and in hand	2,350	9,959
Short-term bank deposits	15,597	10,006
	17,947	19,965

The effective interest rate of short-term bank deposits is 3.3% (2005: 2.55%). They have a maturity of 30 days and are available for immediate withdrawal without receiving any interest for the last deposit period.

Included in cash at banks is an amount of approximately HK$616,000 (2005: HK$516,000), representing Renminbi deposits placed with banks in the PRC by the Group. The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

19. TRADE AND OTHER PAYABLES

Group

	2006	**2005**
	HK$'000	*HK$'000*
Trade payables	2,302	3,919
Accrued expenses	7,299	3,303
	9,601	7,222

19. TRADE AND OTHER PAYABLES *(Continued)*

As at 30 September 2006, the ageing analysis of the trade payables was as follows:

	2006	**2005**
	HK$'000	*HK$'000*
0-30 days	1,984	449
31-60 days	105	20
61-90 days	10	1,082
91-180 days	15	2,119
181-365 days	15	249
>365 days	173	—
	2,302	3,919

Company

	2006	**2005**
	HK$'000	*HK$'000*
Accrued expenses	1,636	1,734

20. SHARE CAPITAL

	2006		**2005**	
	Number of shares	*HK$'000*	**Number of shares**	*HK$'000*
Authorised:				
Ordinary shares of HK$0.10 each	5,000,000,000	500,000	5,000,000,000	500,000

Issued and fully paid:	**Number of shares**	*HK$'000*
As at 1 October 2004	1,030,000,000	103,000
New shares issued *(Note i)*	120,000,000	12,000
As at 30 September 2005 and 1 October 2005	1,150,000,000	115,000
New shares issued *(Note ii)*	300,000,000	30,000
As at 30 September 2006	1,450,000,000	145,000

20. SHARE CAPITAL *(Continued)*

Note:

i. On 26 August 2005, an agreement was entered into between Open Challenge Group Limited ("Open Challenge"), a wholly-owned subsidiary of the Company, and Jet Palace Development Limited ("Jet Palace"), an independent third party, pursuant to which Jet Palace agreed to sell and Open Challenge agreed to purchase the entire issued share capital of Golden Portal Holdings Limited ("Golden Portal") at a consideration of HK$16,000,000 (subject to downward adjustment). Golden Portal is incorporated in the BVI and through its direct wholly-owned subsidiary, Capital Access Limited, holds 70% of the issued share capital of Bartech (International) Information Network Limited, which is principally engaged in the provision of on-line financial information services.

The consideration was Satisfied to the extent of HK$4,000,000 by cash and to the extent of HK$12,000,000 by Open Challenge procuring the issuance of a maximum of 120,000,000 new shares in the Company, credited as fully paid at par. The cash consideration of HK$4,000,000 was paid on 6 September 2005. On 30 September 2005, 120,000,000 new shares of HK$0.10 each in the Company were issued to Jet Palace at a price of HK$0.15 per share, representing the closing price of the Company's shares as quoted on the Stock Exchange on 30 September 2005. This acquisition was not completed as at 30 September 2005 as certain conditions precedent have not been fullfiled. Accordingly, the total cost of HK$22,000,000 was shown as "Consideration paid for acquisition of subsidiaries" as at 30 September 2005. Subsequent to 30 September 2005, the acquisition was completed.

ii. On 27 July 2006, an agreement was entered into between Appraise Asia Investments Limited ("Appraise Asia"), a wholly owned subsidiary of the Company, with certain independent third parties, pursuant to which Appraise Asia agreed to acquire the entire issued share capital of SLS Investments Limited ("SLS") at a total consideration of HK$54,000,000, which was Satisfied to the extent of HK$12,000,000 by cash and to the extent of HK$42,000,000 by issue and allotment of 300,000,000 new shares in the Company at an issue price of HK$0.14 per share, credited as fully paid at par. On 27 July 2006, 300,000,000 new shares of HK$0.1 each in the Company were issued at a price of HK$0.10 per share, representing the bid price of the Company's share as quoted on the Stock Exchange on 27 July 2006.

21. WARRANT

On 16 August 2006, the Company announced that it had entered into a warrant placing agreement dated 16 August 2006 with an independent investor in relation to a private placing of 230,000,000 non-listed warrants to be issued by the Company at the issue price of HK$0.01 per warrant. Each warrant carries the right to subscribe for one new share. The warrant conferring the right to the subscriber to subscribe for the new shares at an initial exercise price of HK$0.10 per new share for a period of eighteen months commencing from the date of issuance of the warrants. The warrants were freely transferable in the integral multiples of 10,000,000 warrants. On 5 September 2006, the 230,000,000 non-listed warrants at HK$0.01 per warrant were issued.

During the year ended 30 September 2006, no subscription rights attached to the warrants had been exercised. Details of the movements for the period from 1 October 2006 to the date of the approval of the financial statements are set out in notes 32 under the heading Post Balance Sheet Event.

22. SHARE OPTIONS

The Company had adopted a share option scheme (the "Share Option Scheme") pursuant to the ordinary resolution passed by the shareholders of the Company (the "Shareholders") on 12 June 2002. Under the Share Option Scheme, the original scheme mandate limit i.e., the total number of shares in respect of which options may be granted under the Share Option Scheme (the "Scheme Mandate Limit") was set at 10% of the shares in the capital of the Company (the "Shares") in issue as at the date of adoption of the Share Option Scheme, i.e. 40,000,000 Shares, which represented a maximum number of Shares that might be issued upon the exercise of the options granted under the Share Option Scheme to subscribe for shares in accordance with the terms thereof (the "Options") under the Share Option Scheme. Subject to the prior Shareholders' approval, the Company may, at any time thereafter, refresh the Scheme Mandate Limit to the extent not exceeding 10% of the Shares in issue as at the aforesaid approval.

Pursuant to the ordinary resolutions passed by the Shareholders on 24 March 2006, the Scheme Mandate Limit was refreshed so that the total number of Shares which may fall to be issued upon exercise of all Options to be granted under the Share Option Scheme shall not exceed 115,000,000 Shares, being 10% of the issued share capital of the Company as at 24 March 2006.

Pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme at any time will not exceed 30% of the Shares in issue from time to time. No Options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

No adjustment has been made to the Options granted under the Share Option Scheme.

The Company confirms that there is no grantee who has been granted with the Options, the exercise of which will result in the total number of Shares issued and to be issued to that grantee exceeding 1% of the issued share capital of the Company in the 12-month period up to and including the date of such grant pursuant to Rule 17.03(4) of the Listing Rules.

No share option was granted or exercised for the year ended 30 September 2006. Post year end and as at the date hereof, there were an aggregate of 114,500,000 Options granted to the eligible participants of which no Options had been exercised and 114,500,000 Options remain outstanding to be exercised (note 32).

23. RESERVES

Group

	OTHER RESERVES					
	Share premium	Asset revaluation reserve	Merger reserve *(Note a)*	Statutory reserve fund	Translation reserve	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 October 2004	3,374	1,611	8,390	293	21	13,689
Reserves transferred to accumulated losses upon disposal of subsidiaries	—	(1,611)	—	(293)	(16)	(1,920)
Currency translation	—	—	—	—	(5)	(5)
Premium arising on issue of shares *(note 20(i))*	6,000	—	—	—	—	6,000
As at 30 September 2005	9,374	—	8,390	—	—	17,764

	OTHER RESERVES					
	Share premium	Warrant reserve	Merger reserve *(Note a)*	Statutory reserve fund	Translation reserve	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 October 2005	9,374	—	8,390	—	—	17,764
Warrant issued *(note 21)*	—	2,300	—	—	—	2,300
Currency translation	—	—	—	—	152	152
As at 30 September 2006	9,374	2,300	8,390	—	152	20,216

23. RESERVES *(Continued)*

Company

	OTHER RESERVES		Retained profits/	
	Share premium	**Contributed surplus** *(Note b)*	**(accumulated losses)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 October 2004	3,374	27,210	31,798	62,382
Premium arising on issue of shares *(note 20 (i))*	6,000	—	—	6,000
Loss for the year	—	—	(58,096)	(58,096)
As at 30 September 2005	9,374	27,210	(26,298)	10,286

	OTHER RESERVES			Accumulated	
	Share premium	**Warrant reserve**	**Contributed Surplus** *(Note b)*	**losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 October 2005	9,374	—	27,210	(26,298)	10,286
Warrant issued *(Note 21)*	—	2,300	—	—	2,300
Loss for the year	—	—	—	(4,824)	(4,824)
As at 30 September 2006	9,374	2,300	27,210	(31,122)	7,762

Notes:

(a) Merger reserve of the Group represents the difference between the aggregate of the nominal value of the ordinary shares of the subsidiaries acquired and the nominal value of the ordinary shares of the Company issued pursuant to the Group reorganisation.

(b) Contributed surplus of the Company represents the difference between the nominal value of the ordinary shares of the Company issued in a share for share exchange and the fair value of the aggregate net assets of the subsidiaries acquired.

Under the Bermuda Companies Act 1981, contributed surplus of the Company is available for distribution, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, as at 30 September 2005, the Company's reserves which are available for distribution to shareholders consist of the aggregate of the contributed surplus and accumulated losses totaling approximately HK$912,000 (credit).

As at 30 September 2006, no reserve of the Company was made available for distribution as the aggregate of the contributed surplus and the accumulated losses are in debit balance.

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

24.1 Disposal of subsidiaries

	2006	2005
	HK$'000	*HK$'000*
Net assets disposed of:		
Property, plant and equipment	964	9,449
Inventories	—	5,012
Trade receivables, other receivables and deposits	670	12,294
Cash and bank balances	50	63
Trade and other payables	(1,034)	(15,478)
Short term loans	—	(4,811)
Obligations under a finance lease	—	(52)
	650	6,477
Gain on disposal	—	1,523
Consideration	650	8,000
Satisfied by cash	650	8,000

Analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2006	2005
	HK$'000	*HK$'000*
Cash consideration received	650	8,000
Cash at bank disposed of	(50)	(63)
Net inflow of cash in respect of the disposal of subsidiaries	600	7,937

The business sold during the year contributed HK$132,000 (2005: HK$13,145,000) to the Group's revenue and HK$849,053 (2005: HK$1,014,000) to the consolidated loss for the year.

The business sold during the year contributed HK$47,000 (2005: HK$10,068,000) to the Group's net operating cash inflow.

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

24.2 Acquisition of subsidiaries

(a) On 1 October 2005, the Group acquired the entire equity interests in Golden Portal Holdings Limited from the independent third parties at the total cost of acquisition HK$22,000,000, of which HK$4,000,000 by cash was paid as deposit during last year and 120,000,000 new shares in the Company were issued at HK$0.15 per share during last year.

The acquired businesses contributed revenue of HK$5,927,000 and net profit of HK$262,000 to the Group from the date of acquisition to 30 September 2006.

The identifiable assets and liabilities, stating at the fair value and net carrying amount, arising from the acquisition are as follows:

	2006
	HK$'000
Property, plant and equipment	407
Trade receivables, other receivables and deposits	328
Trade and other payables	(4,006)
Cash and bank balances	136
Net identifiable liabilities acquired	(3,135)
Goodwill on acquisition *(note 16)*	25,135
Total cost of acquisition	22,000
Satisfied by	
— fair value of share issued last year	18,000
— cash paid last year	4,000
	22,000

The fair value of the shares issued was based on the published share price.

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

24.2 Acquisition of subsidiaries *(Continued)*

(b) On 27 July 2006, the Group acquired the entire equity interests in SLS from the independent third parties at the total cost of acquisition HK$42,000,000, of which HK$12,000,000 by cash has been fully paid during the year and 300,000,000 new shares in the Company were issued at HK$0.10 per share during the year.

The acquired businesses contributed revenue of HK$321,000 and net loss of HK$151,000 to the Group from the date of acquisition to 30 September 2006.

The identifiable assets and liabilities, stating at the fair value and net carrying amount, arising from the acquisition are as follows:

	2006
	HK$'000
Property, plant and equipment	268
Interest in an associate	6,108
Trade receivables, other receivables and deposits	1,312
Trade and other payables	(527)
Cash at banks	783
Net identifiable assets	7,944
Minority interests	(3,031)
Net identifiable assets acquired	4,913
Goodwill on acquisition *(note 16)*	37,087
Total cost	42,000
Satisfied by	
— fair value of share issued during the year	30,000
— cash paid during the year	12,000
	42,000

The fair value of the shares issued was based on the published share price.

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

24.2 Acquisition of subsidiaries *(Continued)*

(c)

	2006	**2005**
	HK$'000	*HK$'000*
Net cash outflow in respect of the acquisitions:		
Cash consideration paid during the year	(12,000)	(28,000)
Cash at bank acquired	919	976
	(11,081)	(27,024)

If the acquisitions had occurred on 1 October 2005, the Group's revenue would have been HK$6,240,000 and the profit before allocations would have been HK$385,000.

The goodwill is attributable to the significant synergies expected to arise after the Group's acquisitions.

Goodwill impairment are disclosed in note 16 to the financial statements.

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

24.2 Acquisition of subsidiaries *(Continued)*

(d) On 7 October 2004 and 7 January 2005, the Group acquired the entire equity interests in Popular Asset Limited and Excel Star Technology Limited from the independent third parties at the consideration of HK$15,000,000 and HK$13,000,000 respectively, which have been fully paid during the year.

The acquired business contributed revenue of HK$1,621,000 and net loss of HK$1,010,000 to the Group from the date of acquisition to 30 September 2005.

The identifiable assets and liabilities, stating at the fair value and net carrying amount, arising from the acquisition in last year are as follows:

	2005
	HK$'000
Property, plant and equipment	1,797
Trade receivables, other receivables and deposits	1,532
Trade and other payables	(824)
Cash and bank balances	976
Net identifiable assets	3,481
Minority interests	(937)
Net identifiable assets acquired	2,544
Goodwill on acquisition *(note 16)*	25,456
Total cost of acquisition	28,000
Net cash outflow in respect of the acquisition:	
— Cash paid during the year	(28,000)
— Cash at bank acquired	976
	(27,024)

25. OPERATING LEASE COMMITMENTS

Group

As at 30 September 2006, the total future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	2006 Land and buildings *HK$'000*	2005 Land and buildings *HK$'000*
Within one year	265	452
In the second to fifth years	126	75
	391	527

The Group leases four properties under the operating leases. The leases run for an initial period of one year, with an option to renew the lease terms upon the expiry date or at dates as mutually agreed between the Group and the respective landlords. None of the leases include contingent rentals.

Company

The Company did not have any significant operating lease commitments as at the balance sheet date.

26. CAPITAL COMMITMENTS

Group

As mentioned in notes 32 (i), as at 30 September 2006, the Group had capital commitments of HK$2,000,000 for the balance of consideration for the acquisition of 100% equity interest in China Rainbow Technology Limited ("China Rainbow") which the transaction was completed on 9 November 2006 of which deposit of HK$4,500,000 was stated as non-current asset in the consolidated balance sheet as at 30 September 2006.

Company

The Company did not have any significant commitments as at 30 September 2006.

27. LOAN TO A MINORITY SHAREHOLDER

The loan to the minority shareholder was unsecured, interest free and repayable within twelve months.

28. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated impairment of goodwill and property, plant and equipment

The Group tests annually whether goodwill and the property, plant and equipment have suffered any impairment in accordance with the accounting policy stated in note 2.7. The recoverable amounts of cash-generating units have been determined based on fair value. These calculations require the use of estimates.

If the actual gross margin had been higher than the management's estimates, the Group would not be able to reverse any impairment losses that arose on goodwill.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

29.1 Credit risk

The Group's maximum exposure to credit risk in the event of the counterparts' failure to perform their obligations as at 30 September 2006 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. In order to minimize the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the management considers that the Group's credit risk is significantly reduced.

The credit risk on the Group's bank balances and cash is limited because the majority of the counterparties are banks or corporations with high credit standing.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong and other regions in the PRC, with exposure spread over a number of counterparties and customers.

29.2 Foreign exchange risk

The Group has foreign currency sales and purchases which expose the Group to foreign currency risk. The currencies giving rise to this risk are primarily Reminbi.

29.3 Fair value

The fair value of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity.

30. LITIGATIONS

(i) A case with Claim No. LBTC 4350 of 2006, the Labour Tribunal and Chinaway Network Technology Limited ("Chinaway"), a wholly-owned subsidiary of the Company, regarding the claim for short notices payment, unpaid salary and the expense of three ex-employees of Chinaway with the amount of approximately HK$914,000. Chinaway settled the amount of approximately HK$548,000. The remaining claim of approximately HK$366,000 related to the claim from one of the ex-employees has already been transferred to High Court for further process together with the legal case as mentioned in note 30(ii) below.

(ii) There was a high court case with High Court Action No. 2369 of 2006 underwhich Chinaway sued against the three ex-employees (as mentioned in note 30 (i) above) (the "defendants") together with Easeful Communication Limited ("Easeful"), where 50% equity interest of Easeful was owned by one of the defendants. Chinaway sued for the damages of HK$3,090,000 as the defendants had committed misconduct acts during the employment period and, breach of contract, and for the account and delivery of documents in respect of the school projects in the PRC.

31. CONTINGENT LIABILITIES

At 30 September 2006, the Group had contingent liabilities in respect of the litigation (note 30(i)) of about HK$416,000 for the claim including the estimated legal charges in respect of the case.

The directors of the Company considered that the claims will not have any material impact on the Group, and therefore no provision was made in the financial statements.

The Company did not have any significant contingent liabilities as at the balance sheet date.

32. POST BALANCE SHEET EVENTS

(i) On 8 May 2006, Open Challenge Group Limited ("Open Challenge"), a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with an independent third party. Pursuant to this conditional sale and purchase agreement, Open Challenge agreed to acquire the entire issued share of China Rainbow at a total consideration of HK$6,500,000. China Rainbow had executed an exclusive technical services agreement with 北京神彩時空科技發展有限責任公司 ("神彩時空"), whereas 神彩時空 has entered into a franchise agreement with United ITV Inc. to jointly develop the IPTV business in Beijing. United ITV Inc. has obtained the broadcasting licence. China Rainbow is principally engaged in the provision of technical support and management consultancy services to telecommunication and internet services providers in the PRC. The transaction was completed on 9 November 2006.

The Group is in the process of making an assessment of the goodwill on acquisition but is not yet in a position to conclude on this.

(ii) On 28 November 2006, a special resolution was passed by Far Wealth Investments Limited ("Far Wealth"), a wholly-owned subsidiary of the Company, to establish a Sino-foreign equity joint-venture company with an independent third party for developing and selling IT security products.

32. POST BALANCE SHEET EVENTS *(Continued)*

(iii) On 22 December 2006, Joy Century Holding Limited ("Joy Century"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with an independent third party. Pursuant to the conditional sale and purchase agreement, Joy Century agreed to acquire approximately 80% of the voting rights of DigiSat Network Limited ("DigiSat") at a total consideration of HK$35,800,000, which is to be Satisfied by the issue and allotment of 358,000,000 new shares ("Consideration Shares") in the capital of the Company at an issue price of HK$0.10 per consideration share, credited as fully paid. DigiSat is principally engaged in the operation of internet protocol television platform. The proposed transaction is subject to, inter alia, the approval of the Company's shareholders at a special general meeting to be convened at 1 March 2007, the relevant parties obtaining approval from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to grant the listing of, and permission to deal in, the Consideration Shares. Details of this potential acquisition were disclosed in the Company's announcement dated 12 February 2007.

The Group is in the process of making an assessment of the goodwill on the acquisition but is not yet in a position to conclude on this.

(iv) On 4 January 2007 and 6 February 2007, the subscription rights attaching to the non-listed warrants pursuant to a Warrant Placing Agreement dated 16 August 2006 were partially exercised, resulting in the allotment and issue of 12,000,000 and 8,000,000 new shares at the exercise price of HK$0.10 per new share respectively. The Company received net proceeds of approximately HK$2,000,000 in respect of the exercise of the subscription rights attaching to the warrants.

(v) Share option scheme

Under the Share Option Scheme as described in note 22 to the financial statements, the Scheme Mandate Limit was set at 10% of shares in issue as at the date of adoption of the Share Option Scheme, i.e. 40,000,000 Shares, which represented a maximum number of Shares that might be issued upon the exercise of the options granted under the Share Option Scheme to subscribe for shares in accordance with the terms thereof (the "Options") under the Share Option Scheme. Subject to the prior Shareholders' approval, the Company may, at any time thereafter, refresh the Scheme Mandate Limit to the extent not exceeding 10% of the Shares in issue as at the aforesaid approval.

No share option was granted or exercised for the year ended 30 September 2006. Post year end and as at 17 October 2006, there were in aggregate of 114,500,000 Options granted to the eligible participants of which no Options had been exercised and 114,500,000 Options remain outstanding.

32. POST BALANCE SHEET EVENTS *(Continued)*

(v) Share option scheme *(Continued)*

Category/ Name of directors	**Date of grant**	**Exercisable period**	**Exercise price per share**	**Number of share options granted post year ended 30 September 2006 and exercisable as at the latest practicable date**
Mr. Too Shu Wing	17 October 2006	17 October 2006 to 16 October 2016	HK$0.10	14,500,000
Mr. Yan Wa Tat	17 October 2006	17 October 2006 to 16 October 2016	HK$0.10	14,500,000
Mr. Tai King Foon	17 October 2006	17 October 2006 to 16 October 2016	HK$0.10	14,500,000
Mr. Lee Man Fa	17 October 2006	17 October 2006 to 16 October 2016	HK$0.10	1,450,000
Mr. Liu Kwok Wah	17 October 2006	17 October 2006 to 16 October 2016	HK$0.10	1,450,000
Mr. Tsui Pak Hang	17 October 2006	17 October 2006 to 16 October 2016	HK$0.10	1,450,000
Mr. Chan Wai Ming	17 October 2006	17 October 2006 to 16 October 2016	HK$0.10	1,450,000
Directors				49,300,000
Employees	1 November 2006	1 November 2006 to 31 October 2016	HK$0.10	14,500,000
	17 October 2006	17 October 2006 to 16 October 2016	HK$0.10	50,700,000
Total				114,500,000

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following is the unaudited financial statements of the Group together with accompanying notes as extracted from the interim report of the Company for the six months ended 31 March 2007.

INTERIM RESULTS

The board of directors (the "Board") of Sunny Global Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 March 2007 together with comparative figures for the corresponding period in 2006.

CONSOLIDATED INCOME STATEMENT

		For the six months ended 31 March	
		2007	**2006**
		(Unaudited)	(Unaudited)
	Notes	*HK$'000*	*HK$'000*
Revenue	*2, 3*	24,394	19,571
Cost of sales		(22,631)	(17,935)
Gross profit		1,763	1,636
Administrative and other operating expenses		(7,073)	(6,914)
Selling and distribution costs		—	(71)
Impairment loss on goodwill		(5,000)	—
Operating loss		(10,310)	(5,349)
Other financial income		312	260
Other revenue		1,101	1,000
Share of profit of associate		410	—
Loss before income tax	*4*	(8,487)	(4,089)
Income tax expense	*5*	—	—
Loss for the period		(8,487)	(4,089)
Attributable to:			
Equity holders of the Company		(8,313)	(3,842)
Minority interests		(174)	(247)
Loss for the period		(8,487)	(4,089)
		HK cents	*HK cents*
Loss per share for loss attributable to equity holders of the Company	*7*		
— Basic		(0.56)	(0.30)
— Diluted		(0.5)	N/A

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 March 2007 (Unaudited) HK$'000	As at 30 September 2006 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*8*	6,199	4,637
Consideration paid for acquisition of subsidiaries		—	4,500
Interest in an associate		6,603	6,194
Goodwill		74,032	38,222
		86,834	53,553
Current assets			
Inventories		175	—
Trade receivables, other receivables and deposits	*9*	8,113	10,035
Loan to a minority shareholder		464	464
Cash at banks		28,022	17,947
		36,774	28,446
Current liabilities			
Trade and other payables	*10*	6,663	9,601
Net current assets		30,111	18,845
Total assets less current liabilities		116,944	72,398
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	*11*	194,800	145,000
Accumulated losses		(104,479)	(96,166)
Other reserves		23,040	20,216
		113,361	69,050
Minority interests		3,583	3,348
Total equity		116,944	72,398

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 31 March	
	2007	**2006**
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash (used in)/from operating activities	(8,982)	17,279
Net cash used in investing activities	(43)	(15,892)
Net cash from financing activities	19,100	—
Net increase in cash at banks	10,075	1,387
Cash at bank at 1 October 2006	17,947	19,965
Cash at bank at 31 March 2007	28,022	21,352

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company			Minority interests	Total equity
	Share capital	Other reserves	Accumulated losses		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 October 2005	115,000	17,764	(60,240)	622	73,146
Acquisition of subsidiaries	—	—	—	152	152
Disposal of subsidiaries	—	—	—	—	—
Currency translation	—	—	—	—	—
Net income/(expense) recognised directly in equity	—	(8,174)	—	774	7,400
Loss for the period	—	—	(3,842)	(247)	(4,089)
Total recognised income and expense for the period	—	(8,174)	(3,842)	527	(11,129)
Balance at 31 March 2006	115,000	9,590	(64,082)	527	61,035

	Equity attributable to equity holders of the Company			Minority interests	Total equity
	Share capital	Other reserves	Accumulated losses		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 October 2006	145,000	20,216	(96,166)	3,348	72,398
Acquisition of subsidiaries	—	—	—	372	372
Currency translation	—	24	—	37	61
Net income/(expense) recognised directly in equity	—	—	—	—	—
Loss for the period	—	—	(8,313)	(174)	(8,487)
Total recognised income and expense for the period	—	24	(8,313)	(137)	(8,426)
New shares issued	49,800	2,800	—	—	52,600
Balance at 31 March 2007	194,800	23,040	(104,479)	3,583	116,944

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and complied with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2006.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2006.

The interim financial statements are unaudited and have been reviewed by the audit committee of the Company.

2. REVENUE

An analysis of the Group's revenue is as follows:

	Six months ended 31 March	
	2007	**2006**
	HK$'000	*HK$'000*
Revenue — Turnover		
Information technology business		
— Trading of hardware and software	15,217	16,018
— Provision of services	9,177	3,553
	24,394	19,571

Turnover represents total invoiced value of goods sold, net of sales tax and services rendered.

3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

In accordance with the Group's internal financial reporting policy, its segment information is presented by way of two segments format: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Primary reporting format — Business segments

The following tables present revenue, loss and certain assets and liabilities information for the Group's business segments:

2007	Information technology business *HK$'000*	Leisure and athletic footwear *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
By principal activity:				
Sales to external customers	24,394	—	—	24,394
Segment results	(6,269)	—	(4,041)	(10,310)
Financial income				312
Finance costs				—
Other revenue				1,101
Share of profit of associate				410
Loss before income tax				(8,487)
Income tax expense				—
Loss for the period				(8,487)
Segment assets	114,657	—	8,950	123,607
Segment liabilities	6,163	—	500	6,663

3. SEGMENT INFORMATION *(Continued)*

Primary reporting format — Business segments *(Continued)*

2006	**Information technology business** *HK$'000*	**Leisure and athletic footwear** *HK$'000*	**Corporate** *HK$'000*	**Total** *HK$'000*
By principal activity:				
Sales to external customers	19,571	—	—	19,571
Segment results	(1,500)	—	(3,849)	(5,349)
Bank interest income				260
Finance costs				—
Other revenue				1,000
Loss before income tax				(4,089)
Income tax expense				—
Loss for the period				(4,089)
Segment assets	36,872	3,461	29,345	69,678
Segment liabilities	27,760	3,325	1,753	32,838

3. **SEGMENT INFORMATION** *(Continued)*

Secondary reporting format — Geographical segments

The following tables provide an analysis of the Group's revenue and contribution to loss from operations by geographical market:

	The People's Republic of China (the "PRC")	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
2007			
Segment revenue:			
Sales to external customers	20,592	3,802	24,394
Segment results	(6,562)	(3,748)	(10,310)
Financial income			312
Finance costs			—
Other revenue			1,101
Share of profit of associate			410
Loss before income tax			(8,487)
Income tax expense			—
Loss for the period			(8,487)

	The People's Republic of China (the "PRC")	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
2006			
Segment revenue:			
Sales to external customers	16,018	3,553	19,571
Segment results	(509)	(4,840)	(5,349)
Bank interest income			260
Finance costs			—
Other revenue			1,000
Loss before income tax			(4,089)
Income tax expense			—
Loss for the period			(4,089)

4. LOSS BEFORE INCOME TAX

	Six months ended 31 March	
	2007	**2006**
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging:		
Costs of inventories recognised as expense		
— Information technology business	18,195	17,935
Depreciation and amortisation on property, plant and equipment		
— Owned assets	496	454
— Leased assets	—	—
Impairment loss on goodwill	5,000	—
Rental in respect of land and buildings under operating leases	352	344

5. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided in the financial statements as the Group did not derive any assessable profit in Hong Kong for the period.

No PRC income tax has been provided in the financial statements as the Group did not derive any assessable profit in the PRC for the period.

6. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 31 March 2007 (six months ended 31 March 2006: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company for the period of HK$8,313,000 (2006: HK$3,842,000) and on weighted average of 1,484,000,000 (2006: 1,150,000,000) ordinary shares in issue during the period.

The calculation of diluted loss per share is based on the Group's loss attributable to equity holders of the Company for the period of HK$8,313,000 and on weighted average of 1,643,032,000 ordinary shares outstanding during the period, adjusted for the effects of all dilutive potential shares.

8. PROPERTY, PLANT AND EQUIPMENT

Group

	Equipment and furniture *HK$'000*	Motor vehicles *HK$'000*	Leasehold improvements *HK$'000*	Network equipment *HK$'000*	Total *HK$'000*
Six months ended 31 March 2006					
Opening net book amount	775	29	1,227	33	2,064
Acquisition of subsidiaries	298	—	109	—	407
Additions	28	—	—	5,500	5,528
Depreciation and amortisation	(287)	(4)	(159)	(4)	(454)
Closing net book amount	814	25	1,177	5,529	7,545
At 31 March 2006					
Cost	4,000	45	1,768	5,542	11,355
Accumulated depreciation and amortisation	(3,186)	(20)	(591)	(13)	(3,810)
Net book amount	814	25	1,177	5,529	7,545
Six months ended 31 March 2007					
Opening net book amount	1,034	23	80	3,500	4,637
Acquisition of subsidiaries	1,492	—	593	—	2,085
Additions	9	—	34	—	43
Disposals	—	—	(80)	—	(80)
Depreciation and amortisation	(139)	(4)	(3)	(350)	(496)
Exchange difference	10	—	—	—	10
Closing net book amount	2,406	19	624	3,150	6,199
At 31 March 2007					
Cost	3,496	39	774	5,500	9,809
Accumulated depreciation and amortisation	(1,090)	(20)	(150)	(2,350)	(3,610)
Net book amount	2,406	19	624	3,150	6,199

9. TRADE RECEIVABLES, OTHER RECEIVABLES AND DEPOSITS

	As at 31 March 2007 (Unaudited) *HK$'000*	As at 30 September 2006 (Audited) *HK$'000*
Trade receivables	4,315	5,829
Prepayments and deposits	2,041	527
Other receivables	1,756	3,679
	8,113	10,035

The Group's policy is to allow an average credit period of 30 to 90 days to its trade customers. As at 31 March 2007, the ageing analysis of the trade receivables were as follows:

	As at 31 March 2007 (Unaudited) *HK$'000*	As at 30 September 2006 (Audited) *HK$'000*
0-30 days	4,024	3,311
31-60 days	—	2
61-90 days	—	1
91-180 days	67	—
181 days or above	224	2,515
	4,315	5,829

10. TRADE AND OTHER PAYABLES

	As at 31 March 2007 (Unaudited) *HK$'000*	As at 30 September 2006 (Audited) *HK$'000*
Trade payables	3,267	2,302
Accrued expenses	3,176	7,299
Finance lease payable	220	—
	6,663	9,601

As at 31 March 2007, the ageing analysis of the trade payables were as follows:

	As at 31 March 2007 (Unaudited) *HK$'000*	As at 30 September 2006 (Audited) *HK$'000*
0-30 days	2,955	1,984
31-60 days	109	105
61-90 days	10	10
91-180 days	60	15
181 days or above	133	188
	3,267	2,302

11. SHARE CAPITAL

	As at 31 March 2007 (Unaudited) *HK$'000*	As at 30 September 2006 (Audited) *HK$'000*
Authorised:		
5,000,000,000 ordinary shares of HK$0.10 each	500,000	500,000

11. SHARE CAPITAL *(Continued)*

	Number of Shares	Norminal Value *HK$'000*
Issued and fully paid:		
At 30 September 2006	1,450,000,000	145,000
Issue of shares for acquisition of a subsidiary *(Note i)*	358,000,000	35,800
Issue of shares by placements *(Note ii)*	120,000,000	12,000
Issue of shares upon exercise of warrants *(Note iii)*	20,000,000	2,000
As at 31 March 2007	1,948,000,000	194,800

Notes:

i. On 5 January 2007, the Board announced that Joy Century Holdings Limited ("Joy Century"), a wholly owned subsidiary of the Company, entered into the sale and purchase agreement ("Agreement") dated 22 December 2006 with Mr. Lam Shu Chung ("Mr. Lam"), pursuant to which Mr. Lam agreed to sell and Joy Century agreed to purchase such Class A shares ("Sale Shares") of DigiSat Network Limited ("DigiSat"), representing approximately 80% of the voting rights of DigiSat.

The total consideration for the Sale Shares is HK$35,800,000 and shall be settled by Joy Century by procuring the Company to allot and issue 358,000,000 Shares ("Consideration Shares") at the Issue Price of HK$0.10 per Consideration Share, credited as fully paid. The Consideration Shares were allotted to Mr. Lam on 14 March 2007 and the acquisition was completed as at 31 March 2007.

ii. On 13 March 2007, the Company entered into the subscription agreement with Rainbow Bridge Group Limited ("Rainbow"), a company incorporated in the British Virgin Islands with limited liability. As a result, an aggregate of 50,000,000 shares at a price of HK$0.10 per share were allotted and issued to Rainbow. The Subscription agreement was completed on 26 March 2007.

On 19 March 2007, the Company entered into the subscription agreement with Lucky Rider Investment Limited ("Lucky"), a company incorporated in Samoa with limited liability. As a result, an aggregate of 70,000,000 shares at a price of HK$0.140 per share were allotted and issued to Lucky. The Subscription agreement was completed on 28 March 2007.

iii. On 16 August 2006, the Company announced that it had entered into a warrant placing agreement dated 16 August 2006 with Wellington International Invest Limited ("Wellington") in relation to a private placing of 230,000,000 non-listed warrants to be issued by the Company at the issue price of HK$0.01 per warrant. Each warrant carries the right to subscribe for one new share. The warrant conferring the right to the subscriber to subscribe for the new shares at an initial exercise price of HK$0.10 per new share for a period of eighteen months commencing from the date of issuance of the warrants. On 5 September 2006, the 230,000,000 non-listed warrants at HK$0.01 per warrant were issued.

During the period, 20,000,000 warrants had been exercised and 20,000,000 shares of the Company were allotted and issued to Wellington.

12. POST BALANCE SHEET EVENTS

On 10 April 2007, the Company announced that it had entered into a warrant placing agreement dated 3 April 2007 with Wellington International Invest Limited ("Wellington") in relation to a private placing of 130,000,000 non-listed warrants to be issued by the Company at the issue price of HK$0.016 per warrant. Each warrant carries the right to subscribe for one new share. The warrant conferring the right to the subscriber to subscribe for the new shares at an initial exercise price of HK$0.156 per new share for a period of two years commencing from the date of issuance of the warrants. On 30 April 2007, the 130,000,000 non-listed warrants at HK$0.016 per warrant were issued to Wellington upon completion of the agreement.

On 10 April 2007, the Company announced that it had entered into a warrant placing agreement dated 3 April 2007 with Rainbow Bridge Group Limited ("Rainbow") in relation to a private placing of 48,000,000 non-listed warrants to be issued by the Company at the issue price of HK$0.016 per warrant. Each warrant carries the right to subscribe for one new share. The warrant conferring the right to the subscriber to subscribe for the new shares at an initial exercise price of HK$0.134 per new share for a period of 1 year commencing from the date of issuance of the warrants. On 30 April 2007, the 48,000,000 non-listed warrants at HK$0.016 per warrant were issued to Rainbow upon completion of the agreement. During the period, 48,000,000 warrants had been exercised and 48,000,000 shares of the Company were allotted and issued to Rainbow.

On 16 April 2007, Successful Link International Limited, a wholly owned subsidiary of the Company, as purchaser, entered into the formal agreement with Mr. Kwan, as vendors in relation to the proposed acquisition of one share of HK$1.0 each in the share capital of Envision Link Limited ("Envision Link"), representing the entire issued share capital of Envision Link, at a total consideration of HK$2,700,000. Envision link is principally engaged in the trading of mobile phones and other telecommunications equipment. The acquisition was completed in April 2007.

On 10 May 2007, Joy Century, a wholly owned subsidiary of the Company, as purchaser, entered into the agreement with Mr. Ngai and New Concept as vendors in relation to the proposed acquisition of 10,000 shares of HK$1.00 each in the share capital of Interactive Broadband Services Limited ("Interactive Broadband"), representing the entire issued share capital of Interactive Broadband, at a total consideration of HK$32,800,000, which is to be satisfied by the issue and allotment of 200,000,000 new shares at an issue price of HK$0.164 per Consideration Share, credited as fully paid. Interactive Broadband is principally engaged in the provision of IP-based managed services, including, VoIP telephony, video and data collaboration to broadband internet users. The acquisition was completed in June 2007.

On 12 May 2007, Tianxun, a non wholly-owned subsidiary of the Company, entered into the non-legally binding MOU for the Proposed Disposal of the Disposal Shares, representing Tianxun's entire interest in Haidian at an intended total consideration of RMB30,000,000 (equivalent to approximately HK$30,612,000).

On 15 May 2007, Joy Century, a wholly owned subsidiary of the Company, as purchaser, entered into the agreement with Mr. Lau as vendor in relation to the proposed acquisition of one share of HK$1.0 each in the share capital of Global Great Development Limited ("Global Great"), representing the entire issued share capital of Global Great, at a total consideration of HK$12,000,000. Global Great is principally engaged in the operation of the VoIP services. The acquisition was completed in May 2007.

12. POST BALANCE SHEET EVENTS *(Continued)*

Due to the group restructuring of China Telecom Industrial Group, the local partner of the sino-foreign equity joint venture enterprise — 嘉興易視佳通訊有限公司(Jia Xing Yi Shi Jia Tong Xun Limited Company) ("Jia Xing Yi Shi Jia"), 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 Company), served Jia Xing Yi Shi Jia a notice of dissolution of its own company on 10th April 2007. As a result of the retreat of this significant local partner, the Board of Directors of Jia Xing Yi Shi Jia, after consideration and assessment of potential market development in Zhejiang without this local partner, finally decided to wind up the said joint venture. The Board considers that the cessation of this joint venture business will not have material impact on the Group's operations.

During the six months ended 31 March 2007, an aggregate of 114,500,000 Options were granted to the eligible participants on 17 October 2006 and 1 November 2007 respectively. As at 31 March 2007, no Options granted had been exercised and 114,500,000 Options remain outstanding to be exercised.

Post 31 March 2007 and as at the date of publication, an aggregate of further 63,660,000 Options were granted to the eligible participants, an aggregate of 133,628,000 Options had been exercised and 44,532,000 Options remain outstanding to be exercised.

The following is the unaudited financial statements of the Group together with accompanying notes as extracted from the interim report of the Company for the twelve months ended 30 September 2007.

The board of directors (the "Board") of Sunny Global Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the twelve months ended 30 September 2007 together with comparative figures for the corresponding twelve months ended 30 September 2006. This second interim report is presented as a result of a change in the Company's financial year ended from 30 September to 31 December.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Twelve months ended 30 September	
		2007	**2006**
		(Unaudited)	(Audited)
	Notes	*HK$'000*	*HK$'000*
Revenue	*2, 3*	44,040	26,808
Cost of sales		(39,644)	(22,287)
Gross profit		4,396	4,521
Other income		1,121	4,981
Administrative and other operating expenses		(31,201)	(13,199)
Impairment loss on goodwill		(5,000)	(24,000)
Impairment loss on property, plant and equipment		—	(2,000)
Impairment loss on trade and Other receivables		—	(7,135)
Operating loss		(30,684)	(36,832)
Other financial income		1,872	546
Finance costs		(14)	—
Share of (loss)/profit of associate		(3,407)	3
Loss before income tax	*4*	(32,233)	(36,283)
Income tax expense	*5*	—	—
Loss for the period		(32,233)	(36,283)
Attributable to:			
Equity holders of the Company		(31,580)	(35,926)
Minority interests		(653)	(357)
Loss for the period		(32,233)	(36,283)
		HK cents	*HK cents*
Loss per share for loss attributable to equity holders of the Company	*7*		
— Basic		(1.49)	(2.98)
— Diluted		(1.40)	(2.94)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 September 2007 (Unaudited) HK$'000	As at 30 September 2006 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	6,340	4,637
Consideration paid for acquisition of subsidiaries		—	4,500
Interest in an associate		2,786	6,194
Interest in a joint venture		1,053	—
Goodwill		119,949	38,222
		130,128	53,553
Current assets			
Trade receivables, other receivables and deposits	9	13,995	10,035
Loan to a minority shareholder		484	464
Cash at banks		184,974	17,947
		199,453	28,446
Current liabilities			
Trade and other payables	10	7,276	9,601
Net current assets		192,177	18,845
Total assets less current liabilities		322,305	72,398
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	11	318,316	145,000
Accumulated losses		(127,746)	(96,166)
Other reserves		128,646	20,216
		319,216	69,050
Minority interests		3,089	3,348
Total equity		322,305	72,398

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the twelve months ended 30 September	
	2007	**2006**
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Net cash (used in)/from operating activities	(15,746)	16,078
Net cash used in investing activities	(8,288)	(20,435)
Net cash from financing activities	191,056	2,300
Net increase/(decrease) in cash at banks	167,022	(2,057)
Cash at banks at 1 October 2006	17,947	19,965
Effect of foreign exchange rate changes	5	39
Cash at banks at 30 September 2007	184,974	17,947

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Company				
	Share capital *HK$'000*	**Other reserves** *HK$'000*	**Accumulated losses** *HK$'000*	**Minority interests** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 October 2005	115,000	17,764	(60,240)	622	73,146
Currency translation	—	152	—	52	204
Net income/(expense) recognised directly in equity	—	(152)	—	52	204
Loss for the period	—	—	(35,926)	(357)	(36,283)
Total recognised income and expense for the period	—	(152)	(35,926)	(305)	(36,079)
Acquisition of subsidiaries	—	—	—	3,031	3,031
New shares issued	30,000	—	—	—	30,000
Warrant issued	—	2,300	—	—	2,300
Balance at 30 September 2006	145,000	20,216	(96,166)	3,348	72,398

	Equity attributable to equity holders of the Company				
	Share capital *HK$'000*	**Other reserves** *HK$'000*	**Accumulated losses** *HK$'000*	**Minority interests** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 October 2006	145,000	20,216	(96,166)	3,348	72,398
Currency translation	—	85	—	21	106
Net income recognised directly in equity	—	85	—	21	106
Loss for the period	—	—	(31,580)	(653)	(16,855)
Total recognised income and expense for the period	—	85	(31,580)	(632)	(16,749)
Acquisition of subsidiaries	—	—	—	373	373
New shares issued	173,316	92,967	—	—	266,283
Granting of share options	—	15,378	—	—	15,378
Balance at 30 September 2007	318,316	128,646	(127,746)	3,089	322,305

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated Financial statements ("Second interim financial statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and complied with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

These condensed consolidated financial statements should be read in conjunction with the financial statements for the year ended 30 September 2006 and the first interim condensed financial statements for the six months ended 31 March 2007.

The accounting policies and methods of computation used in the preparation of the second interim financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2006.

The second interim financial statements are unaudited and have been reviewed by the audit committee of the Company.

2. REVENUE

An analysis of the Group's revenue is as follows:

	Twelve months ended 30 September	
	2007	**2006**
	HK$'000	*HK$'000*
Revenue — Turnover		
Information technology business		
— Trading of hardware and software	29,526	18,819
— Provision of services	11,208	7,806
General trading	3,306	183
	44,040	26,808

Turnover represents total invoiced value of goods sold, net of sales tax and services rendered.

3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

In accordance with the Group's internal financial reporting policy, its segment information is presented by way of two segments format: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Primary reporting format — Business segments

The following tables present revenue, loss and certain assets and liabilities information for the Group's business segments:

2007	**Information technology business** *HK$'000*	**Corporate** *HK$'000*	**Others** *HK'000*	**Total** *HK$'000*
By principal activity:				
Sales to external customers	40,734	—	3,306	44,040
Segment results	(4,034)	(23,796)	1,025	(26,805)
Other income				1,121
Bank interest income				1,872
Finance cost				(14)
Impairment loss on goodwill	(5,000)	—	—	(5,000)
Share of loss of an associate	(3,407)	—	—	(3,407)
Loss before income tax				(32,233)
Income tax expense				—
Loss for the period				(32,233)
Segment assets	172,914	153,863	2,804	329,581
Segment liabilities	6,217	500	559	7,276

3. SEGMENT INFORMATION *(Continued)*

Primary reporting format — Business segments *(Continued)*

2006	**Information technology business** *HK$'000*	**Corporate** *HK$'000*	**Others** *HK'000*	**Total** *HK$'000*
By principal activity:				
Sales to external customers	26,625	—	183	26,808
Segment results	(647)	(8,093)	(62)	(8,678)
Other income				4,981
Bank interest income				546
Impairment loss on property, plant and equipment	—	(2,000)	—	(2,000)
Impairment loss on goodwill	(24,000)	—	—	(24,000)
Impairment loss on trade and other receivables	(4,306)	—	(2,829)	(7,135)
Share of profit of an associate	3	—	—	3
Loss before income tax				(36,283)
Income tax expense				—
Loss for the period				(36,283)
Segment assets	8,579	73,420	—	81,999
Segment liabilities	6,035	3,566	—	9,601

3. **SEGMENT INFORMATION** *(Continued)*

Secondary reporting format — Geographical segments

The following tables provide an analysis of the Group's revenue and contribution to loss from operations by geographical market:

	Hong Kong	**The People's Republic of China (the "PRC")**	**Australia**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2007					
Segment revenue:					
Sales to external customers	27,270	6,000	6,946	3,824	44,040
Segment results	(27,039)	(715)	1,358	(409)	(26,805)
Financial income					1,872
Finance costs					(14)
Other revenue					1,121
Impairment loss on goodwill					(5,000)
Share of profit of associate					(3,407)
Loss before income tax					(32,233)
Income tax expense					—
Loss for the period					(32,233)

3. SEGMENT INFORMATION *(Continued)*

Secondary reporting format — Geographical segments *(Continued)*

	Hong Kong	The People's Republic of China (the "PRC")	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2006				
Segment revenue:				
Sales to external customers	6,371	20,254	183	26,808
Segment results	(7,733)	(1,007)	62	(8,678)
Financial income				546
Other revenue				4,981
Impairment loss on property, plant and equipment				(2,000)
Impairment loss on goodwill				(24,000)
Impairment loss on trade and other receivables				(7,135)
Share of profit of an associate				3
Loss before income tax				(36,283)
Income tax expense				—
Loss for the period				(36,283)

4. LOSS BEFORE INCOME TAX

	Twelve months ended 30 September	
	2007	**2006**
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging:		
Costs of inventories recognised as expense		
— Information technology business	27,899	22,287
— General trading	2,234	—
Depreciation and amortisation on property, plant and equipment		
— owned assets	1,414	756
— leased assets	35	—
Impairment loss on goodwill	5,000	24,000
Rental in respect of land and buildings under operating leases	594	558
Share based payments	15,378	—

5. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided in the financial statements as the Group did not derive any assessable profit in Hong Kong for the period.

No PRC income tax has been provided in the financial statements as the Group did not derive any assessable profit in the PRC for the period.

6. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the twelve months ended 30 September 2007 (period ended 30 September 2006: Nil).

7. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company for the period of HK$31,580,000 (2006: HK$35,926,000) and on weighted average of 2,112,513,330 (2006: 1,204,246,575) ordinary shares in issue during the period.

The calculation of diluted loss per share for current period is based on the Group's loss attributable to equity holders of the Company of HK$31,580,000 (2006: HK$35,926,000) and on weighted average of 2,243,529,330 (2006: 1,220,630,137) ordinary shares outstanding during the period, adjusted for the effects of all dilutive potential shares.

8. PROPERTY, PLANT AND EQUIPMENT

Group

	Equipment and furniture	**Motor vehicles**	**Leasehold improvements**	**Network equipment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 September 2006					
Opening net book amount	775	29	1,227	33	2,064
Acquisition of subsidiaries	566	—	109	—	675
Disposal of subsidiaries	—	—	(939)	(25)	(964)
Additions	36	—	—	5,500	5,536
Depreciation and amortisation	(423)	(8)	(317)	(8)	(756)
Exchange difference	80	2	—	—	82
Impairment loss	—	—	—	(2,000)	(2,000)
Closing net book amount	1,034	23	80	3,500	4,637
At 30 September 2006					
Cost	1,614	39	109	5,500	7,262
Accumulated depreciation and amortisation	(580)	(16)	(29)	(2,000)	(2,625)
Net book amount	1,034	23	80	3,500	4,637

8. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

	Equipment and furniture	Motor vehicles	Leasehold improvements	Network equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Period ended 30 September 2007					
Opening net book amount	1,034	23	80	3,500	4,637
Acquisition of subsidiaries	1,873	—	593	—	2,466
Additions	120	—	615	—	735
Disposals	—	—	(81)	—	(81)
Depreciation and amortisation	(538)	(8)	(203)	(700)	(1,449)
Exchange difference	32	—	—	—	32
Closing net book amount	2,521	15	1,004	2,800	6,340
At 30 September 2007					
Cost	3,987	39	1,354	5,500	10,880
Accumulated depreciation and amortisation	(1,466)	(24)	(350)	(2,700)	(4,540)
Net book amount	2,521	15	1,004	2,800	6,340

9. TRADE RECEIVABLES, OTHER RECEIVABLES AND DEPOSITS

	As at 30 September 2007 *HK$'000*	As at 30 September 2006 *HK$'000*
Trade receivables	6,506	5,829
Prepayments and deposits	3,401	527
Other receivables	4,088	3,679
	13,995	10,035

The Group's policy is to allow an average credit period of 30 to 90 days to its trade customers. At 30 September 2007, the ageing analysis of the trade receivables were as follows:

	As at 30 September 2007 *HK$'000*	As at 30 September 2006 *HK$'000*
0-30 days	1,407	3,311
31-60 days	4	2
61-90 days	749	1
91-180 days	1,893	—
181 days or above	2,453	2,515
	6,506	5,829

10. TRADE AND OTHER PAYABLES

	As at 30 September 2007 *HK$'000*	As at 30 September 2006 *HK$'000*
Trade payables	563	2,302
Other payables	3,651	—
Accrued expenses	2,943	7,299
Finance lease payable	119	—
	7,276	9,601

At 30 September 2007, the ageing analysis of the trade payables were as follows:

	As at 30 September 2007 *HK$'000*	As at 30 September 2006 *HK$'000*
0-30 days	215	1,984
31-60 days	115	105
61-90 days	11	10
91-180 days	89	15
181 days or above	133	188
	563	2,302

11. SHARE CAPITAL

	Number of Shares	Norminal Value
	'000 shares	*HK$'000*
Authorised:		
At 1 October 2006 and 30 September 2007 ordinary shares of HK$0.10 each	5,000,000	50,000
Issued and fully paid:		
At 1 October 2006	1,450,000	145,000
Issues of share for acquisition of a subsidiary	358,000	35,800
Issues of shares by placement	120,000	12,000
Issue of share upon exercise of warrants	20,000	2,000
At 31 March 2007	1,948,000	194,800
Issue of shares for acquisition of a subsidiary *(Note i)*	200,000	20,000
Issue of shares by placements *(Note ii)*	469,000	46,900
Issue of shares upon exercise of warrants *(Note iii)*	388,000	38,800
Issue of shares upon exercise of share options *(Note iv)*	178,158	17,816
At 30 September 2007	3,183,158	318,316

Notes:

i. On 14 May 2007, the Board announced that Joy Century Holdings Limited ("Joy Century"), a wholly owned subsidiary of the Company, entered into the sale and purchase agreement ("Agreement") dated 10 May 2006 with Mr. Ngai and New Concept Management Limited ("New Concept"), pursuant to which Mr. Ngai and New Concept agreed to sell and Joy Century agreed to purchase 10,000 shares of HK$1.00 each in the share capital of Interactive Broadband Services Limited ("IBBS"), representing the entire issued share capital of IBBS.

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 200,000,000 Shares ("Consideration Shares") at the Issue Price of HK$0.164 per Consideration Share, credited as fully paid. The Consideration Shares were allotted to Mr. Ngai and New Concept on 2 June 2007 and the acquisition was completed as at 2 June 2007.

ii. On 16 July 2007, the Company entered into the placing agreement with Grand Vinco Capital Limited as the placing agent (the "Placing Agent"). Pursuant to which, the Placing Agent has agreed to place, on best efforts basis, to not less than six independent placees (the "Placees") for up to 469,000,000 shares of the Company at a price of HK$0.235 per placing share. The Subscription agreement was completed on 31 July 2007 and as a result, an aggregate of 469,000,000 shares at a price of HK$0.235 per share were allotted and issued to the Placees.

11. SHARE CAPITAL *(Continued)*

Notes: (Continued)

iii. On 16 August 2006, the Company announced that it had entered into a warrant placing agreement dated 16 August 2006 with Wellington International Invest Limited ("Wellington") in relation to a private placing of 230,000,000 non-listed warrants ("Wellington First Warrants") to be issued by the Company at the issue price of HK$0.01 per warrant. Each Wellington First Warrants carries the right to subscribe for one new share. The Wellington First Warrants conferring the right to the subscriber to subscribe for the new shares at an initial exercise price of HK$0.10 per new share for a period of eighteen months commencing from the date of issuance of the Wellington First Warrants. On 16 August 2006, the 230,000,000 Wellington First Warrants at HK$0.01 per warrant were issued to Wellington upon completion of the agreement.

During the twelve months ended 30 September 2007, 210,000,000 Wellington First Warrants had been exercised and 210,000,000 shares of the Company were allotted and issued to the eligible subscribers.

On 10 April 2007, the Company announced that it had entered into a second warrant placing agreement dated 3 April 2007 with Wellington in relation to a private placing of 130,000,000 non-listed warrants ("Wellington Second Warrants") to be issued by the Company at the issue price of HK$0.016 per warrant. Each Wellington Second Warrants carries the right to subscribe for one new share. The Wellington Second Warrants conferring the right to the subscriber to subscribe for the new shares at an initial exercise price of HK$0.156 per new share for a period of two years commencing from the date of issuance of the Wellington Second Warrants. On 30 April 2007, the 130,000,000 Wellington Second Warrants at HK$0.016 per warrant were issued to Wellington upon completion of the agreement.

During the twelve months ended 30 September 2007, 130,000,000 Wellington Second Warrants had been exercised and 130,000,000 shares of the Company were allotted and issued to the eligible subscribers.

On 10 April 2007, the Company announced that it had entered into a warrant placing agreement dated 3 April 2007 with Rainbow Bridge Group Limited ("Rainbow") in relation to a private placing of 48,000,000 non-listed warrants ("Rainbow Warrants") to be issued by the Company at the issue price of HK$0.016 per warrant. Each warrant carries the right to subscribe for one new share. The warrant conferring the right to the subscriber to subscribe for the new shares at an initial exercise price of HK$0.134 per new share for a period of 1 year commencing from the date of issuance of the warrants. On 30 April 2007, the 48,000,000 non-listed warrants at HK$0.016 per warrant were issued to Rainbow upon completion of the agreement.

During the twelve months ended 30 September 2007, 48,000,000 warrants had been exercised and 48,000,000 shares of the Company were allotted and issued to Rainbow.

iv. During the twelve month ended 30 September, 2007, an aggregate of 178,158,000 share options of the Company granted to the eligible participants had been exercised, procuring the Company to allot and issue 178,158,000 shares of the Company to the eligible participants. Please refer to page 30 for further details.

12. POST BALANCE SHEET EVENTS

i. On 12 November 2007, the Company announced that it had entered into a warrant placing agreement dated 7 November 2007 with Excalibur Securities Limited, as sole and exclusive placing agent, in relation to procuring not fewer than six placees, on a best effort basis, to subscribe for up to 636,000,000 non-listed warrants to be issued by the Company at the issue price of HK$0.040 per warrant. Each warrant carries the right to subscribe for one new share. The warrant conferring the right to the subscriber to subscribe for the new shares at an initial exercise price of HK$0.20 per new share for a period of 18 months commencing from the date of issuance of the warrants. The completion of the warrant placing was subject to and conditional upon, among other things, the passing of the necessary resolution(s) by the shareholders at the special general meeting, dated 20 December 2007, approving the warrant placing agreement and all transactions contemplated thereby, including the granting of a specific mandate to the Directors to allot and issue the new shares.

ii. On 21 November 2007, the Company announced that the Directors proposed to (a) reduce the par value of each issued share of the Company from HK$0.10 to HK$0.005 by canceling the paid-up capital to the extent of HK$0.095 on each share of the Company; (b) reduce the par value of each authorised but unissued share of the Company by canceling the authorised share capital of the Company to the extent of HK$0.095 on each authorised but unissued share of the Company; and (c) apply the credits arising from the reduction of issued share capital of the Company by transferring the credits to the contributed surplus account of the Company. Conditional upon the completion of the capital reorganization, the Directors further proposed to increase the authorised share capital of the Company from HK$25,000,000 divided into 2,500,000,000 consolidated shares of the Company to HK$100,000,000 divided into 10,000,000,000 consolidated shares of the Company by authorizing an additional 7,500,000,000 unissued consolidated shares.

iii. On 26 November 2007, Golden Portal Holdings Limited ("Golden Portal"), a wholly owned subsidiary of the Company, as vendor, entered into the agreement with Mr. Lam, an independent third party of the Company, as purchaser, in relation to the proposed disposition of one share of HK$1.0 each in the share capital of Far Wealth Investment Limited ("Far Wealth"), a wholly owned subsidiary of the Company, representing the entire issued share capital of Far Wealth, at a total consideration of HK$915,400.00. The disposition is due to low return from trading and high operational cost. The disposition was completed in November 2007.

iv. On 4 December 2007, the Company announced that it had entered into an agreement dated 3 December 2007 with Excalibur Securities Limited, as sole and exclusive placing agent, in relation to procuring not fewer than six placees, on a best effort basis, to subscribe for up to 636,000,000 non-listed warrants to be issued by the Company at the issue price of HK$0.040 per warrant. Each warrant carries the right to subscribe for one new share. The warrant conferring the right to the subscriber to subscribe for the new shares at an initial exercise price of HK$0.20 per new share for a period of 18 months commencing from the date of issuance of the warrants. The completion of the warrant placing was subject to and conditional upon, among other things, the passing of the necessary resolution(s) by the shareholders at the special general meeting, dated 20 December 2007, approving the warrant placing agreement and all transactions contemplated thereby, including the granting of a specific mandate to the Directors to allot and issue the new shares.

12. POST BALANCE SHEET EVENTS *(Continued)*

v. On 4 December 2007, the Company announced that 北京天迅視通科技發展有限公司 (Beijing Tianxun Shitong Technology Development Limited, ("Beijing Tianxun")), a company established in the PRC and a non-wholly owned subsidiary of the Company, as vendor, had entered into an agreement dated 3 December 2007 to sell to 北京電信通電信工程有限公司 (Beijing Teletron Telecom Engineering Co. Ltd. ("Beijing Teletron")), as purchaser, the registered and paid up capital of 北京市海澱區有線廣播電視網絡信息有限公司 (Beijing Haidian District Cable Television Broadcasting and Network Information Limited ("Beijing Haidian")) in the sum of RMB12,000,000, for a total consideration of RMB18,000,000 (equivalent to approximately HK$18,936,000). The completion of the transaction is subject to the fulfillment of the conditions precedent as set out in the announcement therein.

vi. In November 2007, the cessation of 嘉興易視佳通訊有限公司 (Jia Xing Yi Shi Jia Tong Xun Limited ("Jia Xing Yi Shi Jia")), a 51% owned subsidiary of the Company, was completed. The Board considers that the cessation of this joint venture business will not have material impact on the Group's operations. A loss of approximately RMB100,000 aroused as a result of the cessation.

vii. On 6 December 2007, the Company announced that Richy Spring International Limited ("Richy Spring"), a wholly owned subsidiary of the Company, as the purchaser, had entered into a legally binding memorandum of understanding ("MOU") with Wisdom First Limited, an independent third party to the Company, in relation to the possible acquisition of issued share capital of Welford International Industrial Limited ("Welford") or the possible investment by Richy Spring in the issued capital of Welford as contemplated in the MOU.

Welford is incorporated in Hong Kong and is principally engaged in investment holding. On 20 November 2007, Welford entered into the joint venture agreement ("JV Agreement") with Guangdong Zhenrong Energy Limited ("Guangdong Zhenrong"), a state-owned enterprise established in the PRC, and Yan Lung International Limited. Pursuant to the JV Agreement, the parties to the JV Agreement will set up a sino-foreign joint venture company ("JV Company") which will engage in the crude oil, fuel oil and natural gas related business including but not limited to exploitation, production, storage, logistic and sales. The JV Company will also engage in the business of exploitation activity, the operation of oil refinery plant and storehouse. Guangdong Zhenrong will procure the granting of the necessary licenses and approval of the business to be engaged by the JV Company.

viii. During the twelve months ended 30 September 2007, an aggregate of 194,676,000 share options of the Company were granted to the eligible participants. Out of these, 63,660,000 share option were exercised during the twelve months ended 30 September 2007. Post 30 September 2007 and as at the date of publication, an aggregate of 28,412,000 share options had been exercised and 102,604,000 share options remain outstanding to be exercised.

4. FINANCIAL AND TRADING PROSPECTS

The Group is currently active in the development of internet and telecommunication related businesses. The Group had acquired the trading of mobile phones and other telecommunication business, VoIP services business and Interactive broadband Services during 2007.

These businesses are stable in developing. However, they are similar to all information technology businesses in the world, which are subject to strong competition and have a thin profit margin.

Throughout these acquisitions, our information technology platform of the Group is expected to be strengthened and the revenue base of the Group is expected to be broadened to enhance the Group's profit margin in the long run.

5. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including the internally generated funds, the present bank and other facilities, the Group will have sufficient working capital for at least twelve months from the date of this circular.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group as at 30 September 2006, the date to which the latest published audited financial statements of the Group were made up.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is a summary of the unaudited pro forma statement of assets and liabilities of the Enlarged Group, assuming that the Proposed Acquisition had been completed as at February 6, 2008 for the purpose of illustrating how the transaction might have affected the financial position of the Group.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared based on the unaudited consolidated balance sheet of the Group as at September 30, 2007 as extracted from the second interim report of the Group for the twelve months ended September 30, 2007 and the audited consolidated accounts of Great Hill Group as at January 31, 2008 as set out in Appendix II to this circular.

The unaudited pro forma statement of assets and liabilities is prepared to provide financial information of the Enlarged Group as a result of the completion of the Proposed Acquisition. As it is prepared for illustrative purpose only, it may not purport to present what the assets and liabilities of the Enlarged Group are on the completion of the Proposed Acquisition.

	The Group as at September 30, 2007 HK$ (unaudited) *(Note 1a)*	Great Hill Group as at January 31, 2008 HK$ *(Note 1b)*	Sub-total HK$	*Note*	Adjustment HK$	The Enlarged group HK$
ASSETS						
Non-current assets						
Property, plant and equipments	6,340,000	—	6,340,000			6,340,000
Interest in an associate	2,786,000	—	2,786,000			2,786,000
Interest in a joint venture	1,053,000	—	1,053,000			1,053,000
Goodwill	119,949,000	—	119,949,000	*4*	11,369,486	131,318,486
	130,128,000	—	130,128,000			141,497,486
Current assets						
Trade receivable, other receivables and deposits	13,995,000	60,000,000	73,995,000			73,995,000
Loan to a minority shareholder	484,000	—	484,000			484,000
Bank balance and cash	184,974,000	35,882	185,009,882			185,009,882
	199,453,000	60,035,882	259,488,882			259,488,882
Current liabilities						
Trade and other payables	7,276,000	—	7,276,000			7,276,000
Convertible bond liability	—	—	—	*2*	13,679,115	13,679,115
Amount due to a minority shareholder	—	60,204,654	60,204,654	*3*	(44,999,415)	15,205,239
	7,276,000	60,204,654	67,480,654			36,160,354
Net current assets/(liabilities)	192,177,000	(168,772)	192,008,228			223,328,528
Net asset/(liabilities)	322,305,000	(168,772)	322,136,228			364,826,014
EQUITY						
Share capital	318,316,000	780	318,316,780	*2*	31,320,105	349,636,885
Other reserve	128,646,000	(10,043)	128,635,957			128,635,957
Accumulated losses	(127,746,000)	(159,509)	(127,905,509)	*5*	159,509	(127,746,000)
Minority interests	3,089,000	—	3,089,000	*4*	11,210,172	14,299,172
	322,305,000	(168,772)	322,136,228			364,826,014

Note:

1(a) The figures are extracted from the Group's second interim report for the twelve months ended September 30, 2007 dated December 21, 2007.

1(b) The figures are extracted from the financial information set out in Appendix III to this circular.

2. The adjustment represents the acquisition by the Group 75% equity interest in Great Hill for a consideration of HK$45,000,000 to be satisfied as to (1) HK$28,800,000 by the allotment and issuance of new shares and (2) HK$16,200,000 by the issue of the Convertible Bonds. The fair value of the liability portion and the equity portion of the Convertible Bonds at January 31, 2008 are HK$13,679,115 and HK$31,320,885 respectively.

3. As the amount due to minority shareholder (HK$44,999,415) included in current liabilities of HK$60,204,654 of Great Hill Group will be taken over by the Group, the amount is eliminated.

4. The adjustment represent goodwill arising from the acquisition 75% equity interest in Great Hill based on the consideration of the acquisition paid over the fair value of the identifiable assets and liabilities of Great Hill Group as at January 31, 2008. The followings show the calculation of goodwill recognized:

	January 31, 2008
	HK$
Net liabilities attributable to equity holder of the Great Hill extracted from accountants' report to this circular	(158,729)
Loan of Great Hill Group taken up by the Group	44,999,415
	44,840,686
Minority interest (25% share of fair value of net assets of Great Hill Group)	(11,210,172)
75% share of fair value of net assets of Great Hill Group attributable to the Group	33,630,514
Consideration paid	(45,000,000)
Goodwill	(11,369,486)

5. The adjustment represents the elimination of pre-acquisition profits of Great Hill Group upon consolidation.

2. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

MORISON HENG
Chartered Accountants
Certified Public Accountants

Date: March 26, 2008

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

Dear Sirs,

We report on the unaudited pro forma financial statement of adjusted combined assets and liabilities, the "Pro Forma Financial Information" of Sunny Global Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") and Great Hill Trading Limited ("Great Hill") (hereinafter collectively referred to as the "Enlarged Group"), which has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the proposed acquisition of 75% equity interest in Great Hill (the "Acquisition") might have affected the financial information presented, for inclusion in Appendix IV of the circular dated March 26, 2008 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out in Appendix IV to this Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the sources documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of financial position of the Enlarged Group as January 31, 2008 or any future date.

OPINION

In our opinion:

(a) the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Morison Heng
Chartered Accountants
Certified Public Accountants

Hong Kong

3. INDEBTEDNESS

Borrowing

As at the close of business on January 31, 2008, being the latest practicable date for ascertaining certain information relating to this indebtedness statement, apart from intra-group liabilities and normal trade payables in the normal course of business, as at the close of business on January 31, 2008, the Enlarged Group did not have any debt securities, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgage, charges, hire purchase commitments, guarantees or other material contingent liabilities.

Pledge of assets:

As at the close of business on January 31, 2008, bank deposit of approximately HK$15,000,000 was pledged by the Enlarged Group to banks in order to secure general banking facilities granted by these banks to the Enlarged Group.

Contingent liabilities

As at the close of business on January 31, 2008, the Enlarged Group had given guarantees to banks in respect of banking facilities utilized by the wholly owned subsidiary of US$50,000.

4. WORKING CAPITAL

Taking into account the financial resources available to the Enlarged Group, including internally generated funds and the available banking facilities, the Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular concerning the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Authorised:	*HK$*
10,000,000,000 ordinary Shares	100,000,000
Issued and fully paid:	*HK$*
1,605,785,000 ordinary Shares	16,057,850

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 Issuers contained in the Listing Rules, were as follows:

Name of Director	Number or attributable number of Shares held or short positions	Nature of interests	Approximate percentage or attributable percentage of shareholding
			(%)
Wong Kam Fat Tony *(Note 1)*	14,206,000 (L)	Beneficial owner	0.88
Yip Kwan, Ben *(Note 2)*	14,206,000 (L)	Beneficial owner	0.88
Au Tin Fung *(Note 3)*	1,420,000 (L)	Beneficial owner	0.09
Chan Chun Wai *(Note 4)*	1,420,000 (L)	Beneficial owner	0.09

L: Long Position

Notes:

1. These interests in 14,206,000 Shares represent 14,206,000 Shares to be allotted and issued upon the exercise of the share options granted to Wong Kam Fat Tony under the Share Option Scheme.

2. These interests in 14,206,000 Shares represent 14,206,000 Shares to be allotted and issued upon the exercise of the share options granted to Yip Kwan, Ben under the Share Option Scheme.

3. These interests in 1,420,000 Shares represent 1,420,000 Shares to be allotted and issued upon the exercise of the share options granted to Au Tin Fung under the Share Option Scheme.

4. These interests in 1,420,000 Shares represent 1,420,000 Shares to be allotted and issued upon the exercise of the share options granted to Chan Chun Wai 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 Issuers 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 held or short positions	Nature of interests	Approximate percentage or attributable percentage of shareholding *(%)*
Success Way Holdings Limited	337,644,000 (L)	Beneficial owner *(Note 1)*	21.03%
ZhenRong International Petroleum Company Limited *(Note 2)*	89,470,000 (L)	Beneficial owner	5.57%
Zhuhai ZhenRong Company Limited *(Note 2)*	89,470,000 (L)	Beneficial owner	5.57%

L: Long Position

Note:

(1) Success Way Holdings Limited is beneficially owned by Liu Yi Dong Family Trust and the beneficiaries of which are Mr. Liu Yi Dong and his family members.

(2) ZhenRong International Petroleum Company Limited is a subsidiary of Zhuhai ZhenRong Company Limited.

(c) Substantial shareholders of other members of the Group

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 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. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this circular and are or may be material:

(a) the sale and purchase agreement dated 20 February 2006 entered into between, among others, Appraise Asia Investments Limited, a wholly owned subsidiary of the Company, as purchaser and Goldlite International Limited, Wyndham Profit International Limited and Hikari International Limited as vendors regarding the acquisition of the entire issued share capital of SLS Investments Limited at a consideration of HK$54,000,000;

(b) the subscription agreement dated 16 August 2006 entered into between the Company as issuer and Wellington International Invest Limited as subscriber regarding the placing of 230,000,000 non-listed warrants of the Company at an issue price of HK$0.01 per warrant and an exercise price of HK$0.10 per Share;

(c) the conditional sale and purchase agreement dated 22 December 2006 entered into between Joy Century Holding Limited, a wholly owned subsidiary of the Company, as purchaser and Mr. Lam Shu Chung as vendor regarding the acquisition of such number of Class A shares in the share capital of DigiSat Network Limited which represent 80% of the Class A shares in the issued share capital of DigiSat Network Limited at a consideration of HK$35,800,000;

(d) the subscription agreement dated 13 March 2007 between the Company as issuer and Rainbow Bridge Group Limited as subscriber in relation to the subscription for an aggregate of 50,000,000 subscription Shares at the subscription price of HK$0.10 per Share by the subscriber;

(e) the subscription agreement dated 19 March 2007 between the Company as issuer and Lucky Rider Investment Limited as subscriber in relation to the subscription for an aggregate of 70,000,000 subscription Shares at the subscription price of HK$0.14 per Share by the subscriber;

(f) the subscription agreement dated 3 April 2007 between the Company, Rainbow Bridge Group Limited and Mr. Luk Kam in relation to the subscription of 48,000,000 non-listed warrants of the Company at the issue price of HK$0.016 per warrant and an exercise price of HK$0.134 per Share;

(g) the subscription agreement dated 3 April 2007 between the Company, Wellington International Invest Limited and Mr. Pun Yan Chak in relation to the subscription of 130,000,000 non-listed warrants of the Company at the issue price of HK$0.016 per warrant and an exercise price of HK$0.156 per Share;

(h) the sale and purchase Agreement dated 10 May 2007 entered into between Joy Century Holding Limited, a wholly owned subsidiary of the Company, as purchaser and Mr. Ngai Tin Yee and New Concept Management Limited as vendor in relation to the acquisition of the entire issued share capital of Interactive Broadband Services Limited at a consideration of HK$32,800,000;

(i) the placing agreement dated 16 July 2007 entered into between the Company as issuer and Grand Vinco Capital Limited as placing agent in relation to the placing of 469,000,000 new Shares at the placing price of HK$0.235 per placing Share;

(j) the conditional subscription agreement dated 7 November 2007 and entered into between the Company as issuer and Excalibur Securities Limited as placing agent in relation to the placing of 636,000,000 non-listed warrants of the Company at the issue price of HK$0.04 per warrant and an exercise price of HK$0.20 per Share;

(k) the sale and purchase agreement dated 3 December 2007 entered into between Beijing Tianxun Shitong Technology Development Company Limited, a non-wholly owned subsidiary of the Company and Beijing Teletron Telecom Engineering Co. Ltd. in relation to the disposal of approximately 40% of the registered capital of Beijing Haidian District Cable Television Broadcasting and Network Information Limited at a consideration of RMB18,000,000; and

(l) the Sale and Purchase Agreement.

5. 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)).

6. LITIGATION

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 Group as at the Latest Practicable Date.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial Shareholder or any of their respective associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

8. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

None of the Directors nor expert referred to in paragraph 9 below has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 30 September 2006, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

9. EXPERT

The following is the qualifications of the expert who have given an opinion or advice contained in this circular:

Name	Qualification
Morison Heng	Certified Public Accountants

As at the Latest Practicable Date, Morison Heng did not have nay interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 30 September 2006, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, Morison Heng was not interested beneficially or non-beneficially in any Shares in the Company or any of its subsidiaries or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Morison Heng has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its respective letter and/or report and/or reference to its name in the form and context in which it respectively appears.

10. MISCELLANEOUS

(a) There is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group.

(b) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 30 September 2006, the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) 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.

(d) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited whose address is Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) The company secretary and the qualified accountant of the Company is Mr. Chiu Yu Choi, Nelson. He 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.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 10B, Lee West Commercial Building, 375-379 Hennessy Road, Wanchai, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the SGM:

(a) the memorandum and articles of association of the Company;

(b) the annual report of the Company for the financial year ended 30 September 2006;

(c) the interim report of the Company for the six months ended 31 March 2007;

(d) the interim report of the Company for the 12 months ended 30 September 2007;

(e) the written consent from the expert referred to under the paragraph headed "Expert" in this appendix;

(f) the accountants' report prepared by Morison Heng on the Target Group, the text of which is set out in appendix I to this circular;

(g) the accountants' report prepared by Morison Heng on the HK Subsidiary, the text of which is set out in appendix II to this circular;

(h) the letter from Morison Heng in respect of the unaudited pro forma financial information of the Enlarged Group as set out in appendix IV to this circular;

(i) the material contracts referred to under the paragraph "Material contracts" in this appendix;

(j) the JV Agreement;

(k) the circular of the Company dated 12 February 2007;

(l) the circular of the Company dated 5 June 2007;

(m) the circular of the Company dated 24 December 2007; and

(n) this circular.

SUNNY GLOBAL HOLDINGS LIMITED
新 怡 環 球 控 股 有 限 公 司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1094)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of Sunny Global Holdings Limited (the "**Company**") will be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 14 April 2008 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**

(a) the conditional agreement (the "**Agreement**") dated 30 January 2008 entered into between Richy Spring International Limited (the "**Purchaser**"), a wholly owned subsidiary of the Company and Wisdom First Limited (the "**Vendor**") in relation to, among other matters, the sale and purchase of 75 ordinary shares of US$1.00 each in the issued share capital of Great Hill Trading Limited (the "**Target**"), representing 75% of the total issued share capital of the Target and all obligations, liabilities and debts owing or incurred by the Target to the Vendor on or at any time prior to completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on completion of the Agreement (a copy of which is marked "A" and produced to the Meeting and signed by the chairman of the Meeting for identification purpose) be and is hereby ratified, confirmed and approved and the directors (the "**Directors**") of the Company be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Agreement and the transactions contemplated thereunder;

(b) the allotment and issue of 400,000,000 ordinary shares (the "**Consideration Shares**" and each a "**Consideration Share**") of HK$0.01 each of the Company credited as fully paid at an issue price of HK$0.072 per Consideration Share to the Vendor pursuant to the Agreement be and is hereby approved and any Director be and is hereby authorised to allot and issue the Consideration Shares in accordance with the terms of the Agreement and to take all steps necessary, desirable or expedient in his opinion to implement or give effect to the allotment and issue of the Consideration Shares;

** for identification purpose only*

(c) the issue of the convertible bonds (the "**Convertible Bonds**") in the principal amount of HK$16,200,000 by the Company to the Vendor in accordance with the terms and conditions of the Agreement and the transactions contemplated thereunder be and are hereby approved and any Director be and is hereby authorised to take all steps necessary, desirable or expedient in his opinion to implement and/or give effect to the issue of the Convertible Bonds and the transactions contemplated thereunder including but not limited to the allotment and issue of ordinary shares (the "**Conversion Shares**") of HK$0.01 each in the share capital of the Company of which may fall to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds; and

(d) the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the Consideration Shares and the Conversion Shares be and is hereby approved."

By order of the Board
Sunny Global Holdings Limited
Li Chun Tak
Executive Director

Hong Kong, 26 March 2008

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

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.

2. In order to be valid, the form of proxy must be duly lodged at the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.

3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.