

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SINO GOLF HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION

On 25th May 2001, in order to meet one special order from an established customer of the Group on the supply of specific club heads, the Group made an one-off purchase of the required club heads in their fully finished form from Nikko Bussan (Japan) at a total purchase price of approximately HK\$2.6 million. The purchase price was agreed on an arm's length basis.

The Directors have confirmed that the Transaction is an one-off transaction in purchase of finished products from Nikko Bussan (Japan), and it is not expected to be continued or repeated in the present financial year.

Nikko Bussan (Japan) is a connected person (as defined in the Listing Rules) of the Company by virtue of the fact that it is a company of which more than 50% shareholding is held by Mr. Takanori Maturra, a director and substantial shareholder of the Company.

Pursuant to Rule 14.25(1) of the Listing Rules, the Company is making this announcement and will include details of the Transaction in the next published annual report and accounts of the Company.

The Directors have confirmed that the Transaction has been carried out on normal commercial terms and on an arm's length basis and are comparable to those with the other independent third party suppliers of the Group, and that the terms of the Transaction are fair and reasonable to the shareholders (including the independent shareholders) of the Company as a whole.

Due to an inadvertent oversight, disclosure of the Transaction, which would have been required by way of a press announcement at the time the

Transaction was entered into, was previously overlooked. This oversight resulted in a breach of the Listing Rules and the Stock Exchange has indicated that it reserves the right to take appropriate action against the Company and/or its Directors in respect of such a breach.

PURCHASING TRANSACTION WITH NIKKO BUSSAN (JAPAN)

The Group is principally engaged in the design, development, manufacture and sale of golf clubs including club heads and shafts on OEM and ODM basis.

On 25th May 2001, in order to meet one special order from an established customer of the Group on the supply of specific club heads, the Group made an one-off purchase of the required club heads in their fully finished form from Nikko Bussan (Japan) at a total purchase price of approximately HK\$2.6 million. The purchase price was agreed on an arm's length basis and was settled in cash by letters of credit obtained by the Group.

CONNECTED PERSON

Nikko Bussan (Japan) is a golf equipment trading company and of which more than 50% of the shareholding is held by Mr. Takanori Maturra, a director and substantial shareholder of the Company. Therefore, Nikko Bussan (Japan) is a connected person (as defined in the Listing Rules) of the Company and the Transaction constitutes a connected transaction of the Company under the Listing Rules.

LISTING RULES AND CONNECTED TRANSACTION

As the amount paid by the Group to Nikko Bussan (Japan) under the Transaction is approximately HK\$2.6 million, pursuant to Rule 14.25(1) of the Listing Rules, the Company is making this announcement and will include details of the Transaction in the next published annual report and accounts of the Company.

The Directors have confirmed that the Transaction has been carried out on normal commercial terms and on an arm's length basis and are comparable to those with the other independent third party suppliers of the Group, and that the terms of the Transaction are fair and reasonable to the shareholders (including the independent shareholders) of the Company as a whole.

The Directors have also confirmed that the Transaction is an one-off transaction in purchase of finished products from Nikko Bussan (Japan), and it is not expected to be continued or repeated in the present financial year.

Due to an inadvertent oversight, disclosure of the Transaction, which would have been required by way of a press announcement at the time the Transaction was entered into, was previously overlooked. This oversight resulted in a breach of the Listing Rules and the Stock Exchange has indicated that it reserves the right to take appropriate action against the Company and/or its Directors in respect of such a breach.

REMEDIAL ACTION

Details of the Transaction will be included in the next published annual report and accounts of the Company pursuant to Rules 14.25(1)(A) to 14.25(1)(D) of the Listing Rules.

To prevent the occurrence of similar incidents, a compliance officer of the Company has been appointed on 27th December 2001. Such compliance officer will be responsible for setting out and ensuring the satisfaction of all compliance procedures required to be taken by the Company under the Listing Rules based on the information provided by any party involved in any future agreement or transactions of material importance to be entered into by the Company or any of its subsidiaries, particularly on the shareholding structures and directorships that are to be obtained from those parties prior to the entering of any such agreements or transactions. The compliance officer shall also supervise and monitor any matter with respect to compliance with the Listing Rules by the Company.

DEFINITIONS

| | |
|-------------|--|
| "Board" | board of directors of the Company |
| "Company" | Sino Golf Holdings Limited |
| "Directors" | directors (including independent non-executive directors) of the Company |
| "Group" | the Company and its subsidiaries |

| | |
|------------------------|--|
| "Listing Rules" | Rules Governing the Listing of Securities on the Stock Exchange |
| "Nikko Bussan (Japan)" | Nikko Bussan Co., Ltd., a company incorporated in Japan and of which more than 50% of the shareholding is held by Mr. Takanori Matsuura |
| "ODM" | original design manufacturing whereby products are manufactured, in whole or in part, in accordance with the design and specifications of the manufacturer and are marketed under the customer's own brandname |
| "OEM" | original equipment manufacturing whereby products are manufactured in accordance with the customer's design and specifications and are marketed under the customer's own brandname |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Transaction" | the one-off transaction involving the purchase of club heads by the Group from Nikko Bussan (Japan) as described in the section headed "Purchasing Transaction with Nikko Bussan (Japan)" in this announcement |

By Order of the Board
SINO GOLF HOLDINGS LIMITED
Chu Chun Man, Augustine
Chairman of the Board

Hong Kong, 27th December 2001

"Please also refer to the published version of this announcement in the Hong Kong i-mail"