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SINO GOLF HOLDINGS LIMITED

(a company incorporated in Bermuda with limited liability)

CONNECTED TRANSACTIONS AND APPLICATION FOR WAIVER

ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME

The Group has been purchasing since 1993 and will continue to purchase from Nikko Bussan (Japan), certain kinds of raw materials including paint, thinner, lead tape, mandrel and screen board for manufacturing of golf clubs ("**NB Purchases**").

The Group has been selling since 1990 and will continue to sell to Nikko Bussan (Japan) certain golf products ("**NB On-going Transactions**").

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 controlled by Mr. Takanori Matsuura, a director and substantial shareholder of the Company.

The Group has been selling since 1999 and will continue to sell to Global Sports certain golf products ("**GS On-going Transactions**").

Global Sports became a connected person (as defined in the Listing Rules) of the Company on 10 June, 2002 by virtue of the fact that Global Sports became a 20% shareholder of a subsidiary of the Company on that date.

As the total amount payable by the Group to Nikko Bussan (Japan) under the NB Purchases and thus will be over the higher of HK\$1,000,000 or 0.03% of the book value of the Group's net tangible assets (but is expected to be less than the higher of HK\$10,000,000 or 3% of the book value of the Group's net tangible assets) per financial year, pursuant to Rule 14.25(1) of the Listing Rules, the Company is making this announcement regarding the NB Purchases and will include details of the Transactions in its next published annual report and accounts.

The Company, has applied for a waiver from the Stock Exchange in respect of the NB Purchases from strict compliance with Rule 14.25 of the Listing Rules.

As the total amounts payable to the Group by Nikko Bussan (Japan) and Global Sports, respectively under each of the NB On-going Transactions and the GS On-going Transactions will be over the higher of HK\$10,000,000 or 3% of the book value of the Group's net tangible assets per financial year, pursuant to Rule 14.26 of the Listing Rules, the Company would require the approval of Shareholders for both transactions.

Prior to the listing of the Company, the Company applied to the Stock Exchange for, and was granted, a waiver from the strict compliance with the disclosure and approval requirements of Chapter 14 of the Listing Rules in respect of the NB On-going Transactions for a period up to 31 March, 2003.

That waiver will be revoked and the Company is applying for a waiver under new terms. The Company has also applied for a waiver from the Stock Exchange in respect of the GS On-going Transactions from the strict compliance with the relevant requirements under the Listing Rules. A circular containing the details of the NB On-going Transactions and GS On-going Transaction and the waiver applied for in connection therewith, together with a notice convening a special general meeting of the Company to seek, among others, Shareholders' approval of the same will be despatched to the Shareholders as soon as practicable.

The Directors also intend to put forward to the Shareholders a proposal to adopt the New Scheme and terminate the Existing Scheme. The said circular will also contain details of that proposal.

I. PURCHASE FROM NIKKO BUSSAN (JAPAN)

Background

The Group is principally engaged in the design, development, manufacture and sale of golf equipment, golf bags and other accessories.

As mentioned on pages 62-63 of the prospectus of the Company dated 11 December, 2000, the Group has been purchasing since 1993 and will continue to purchase from Nikko Bussan (Japan), certain kinds of raw materials including paint, thinner, lead tape, mandrel and screen board for manufacturing of golf clubs.

The total amounts of purchases from Nikko Bussan (Japan) were approximately HK\$999,000 and HK\$315,000, respectively, representing approximately (i) 0.92% and 0.24%, respectively of the Group's total purchases of raw materials and (ii) 0.59% and 0.18%, respectively of the book value of the Group's net tangible assets, for each of the two years ended 31 March, 2002. The said figure of HK\$315,000 for the year ended 31 March, 2002 does not include the one-off transaction between the Company and Nikko Bussan (Japan) for the purchase of semi-finished products for an amount of about HK\$2.6 million which formed the subject matter of a separate announcement by the Company published on 28 December, 2001. The total amount of purchases from Nikko Bussan (Japan) for the year ended 31 March, 2002, inclusive of purchases of raw materials and the said one-off purchase of semi-finished products was, therefore, about HK\$2,915,000, representing 2.22% of the Group's total purchases of raw materials and 1.66% of the book value of the Group's net tangible assets for the year ended 31 March, 2002.

As the Directors consider that such raw materials are tedious in nature, centralisation of purchasing such raw materials through Nikko Bussan (Japan) could reduce the Group's overall administration costs of purchasing. As such, the Group intends to continue its purchase of such raw materials from Nikko Bussan (Japan).

Connected Person

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 controlled by Mr. Takanori Matsuura, a director and substantial shareholder (holding 36% shareholding interest (inclusive of both direct and indirect shareholding interest)) of the Company. The NB Purchases therefore constitute connected transactions of the Company under the Listing Rules.

Listing Rules

Previously, for the three financial years ended 31 March, 2002, the total amounts of purchases from Nikko Bussan (Japan), were approximately HK\$791,000, HK\$999,000 and HK\$315,000, respectively, representing approximately (i) 0.78%, 0.92% and 0.24%, respectively of the Group's total purchases of raw materials and (ii) 3.85%, 0.59% and 0.18%, respectively of the book value of the Group's net tangible assets, for each of the three years ended 31 March, 2002. The said figure of HK\$315,000 for the year ended 31 March, 2002 does not include the one-off transaction between the Company and Nikko Bussan (Japan) for the purchase of semi-finished products for an amount of about HK\$2.6 million which formed the subject matter of a separate announcement by the Company published on 28 December, 2001. The total amount of purchases from Nikko Bussan (Japan) for the year ended 31 March, 2002, inclusive of purchases of raw materials and the said one-off purchase of semi-finished products was, therefore, about HK\$2,915,000, representing 2.22% of the Group's total purchases of raw materials and 1.66% of the book value of the Group's net tangible assets for the year ended 31 March, 2002.

As the amounts payable by the Group to Nikko Bussan (Japan) under the NB Purchases are and will be over the higher of HK\$1,000,000 or 0.03% of the book value of the Group's net tangible assets (but is expected to be less than the higher of HK\$10,000,000 or 3% of the book value of the Group's net tangible assets) per financial year, pursuant to Rule 14.25(1) of the Listing Rules, the Company is making this announcement and will include details of the NB Purchases in its next published annual report and accounts.

Terms of NB Purchases

NB Purchases are simply made by way of purchase orders on simple terms including, generally speaking but subject to variation on a case by case basis, a 90 days credit term and a FOB shipping term. The prices of NB Purchases are arrived at through arm's length negotiations taking into account prices of previous purchases and prices of similar products of other suppliers.

Application For On-going Connected Transaction Waiver

Without a waiver from the Stock Exchange, the NB Purchases will require disclosure in accordance with the Listing Rules on each occasion when purchase is made with Nikko Bussan (Japan) if they exceed the higher of HK\$1,000,000 or 0.03% of the book value of the Group's net tangible assets. However, given the on-going nature of the NB Purchases, the Directors consider that disclosure for each such transaction in the future on a continuing basis in order to comply strictly with the requirements of the Listing Rules would be impracticable and unduly onerous.

The Directors have confirmed that the NB Purchases have 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. The Directors are of the view that the NB Purchases will continue to be carried out on normal commercial terms, determined on an arm's length basis and in the ordinary and usual course of business of the Group, and that the terms of such NB Purchases will continue to be fair and reasonable to the shareholders of the Company as a whole.

Accordingly, the Company, has applied for a waiver from the Stock Exchange in respect of the NB Purchases from strict compliance with the relevant requirements for connected transactions under the Listing Rules on the following conditions:

(a) the NB Purchases shall be:

- (i) entered into by the Group in the ordinary and usual course of its business;

- (ii) entered into on an arm's length basis, on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities) and on terms no less favourable than terms available to or from independent third parties or (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company taken as a whole are concerned; and
 - (iii) carried out in accordance with the terms of the relevant agreements, documents or arrangements (including purchase orders) governing such transactions.
- (b) disclosure shall be made in the Company's next and each successive annual report of the transactions containing those particulars specified in Rules 14.25(1)(A) to (D) of the Listing Rules together with a statement of the opinion of the independent non-executive Directors and confirmation from the auditors of the Company as referred to in conditions (c) and (d) below;
- (c) the independent non-executive Directors shall review such connected transactions annually and confirm the following in the Company's annual report for the year during which such NB Purchases took place that:
 - (i) the NB Purchases have been entered into by the Group in the ordinary and usual course of its business;
 - (ii) the NB Purchases have been entered into on an arm's length basis, on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities) and on terms no less favourable than terms available to or from independent third parties or (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company taken as a whole are concerned;
 - (iii) the NB Purchases have been carried out in accordance with the terms of the relevant agreements, documents or arrangements (including purchase orders) governing such transactions;
 - (iv) the NB Purchases have received the approval of the board of Directors; and
 - (v) the transactions have not exceeded the maximum percentage set out in paragraph (e) below;
- (d) the auditors of the Company shall review the transactions annually and confirm to the Directors in writing, a copy of which shall be provided to the Stock Exchange that:
 - (i) the NB Purchases have received the approval of the Board of Directors;
 - (ii) the NB Purchases have been entered into in the ordinary and usual course of business of the Group;
 - (iii) the NB Purchases have been carried out in accordance with the terms of the relevant agreements, documents or arrangements (including purchase orders) governing such transactions or on terms no less favourable than those available to independent third parties; and
 - (iv) the NB Purchases have not exceeded the respective maximum amounts set out in paragraph (e) below;

- (e) the aggregate amount payable to Nikko Bussan (Japan) by the Group for the NB Purchases will not exceed the higher of (i) HK\$10,000,000 or (ii) 3% of the book value of the Group's net tangible assets of the Group in any financial year;
- (f) in the event that the maximum figure set out in paragraph (e) above is exceeded, or in the event of any future changes to the terms of the NB Purchases (unless as provided for under the terms of the relevant agreement) the Company must strictly comply with the relevant provisions of Chapter 14 of the Listing Rules unless it applies for and obtain a separate waiver from the Stock Exchange; and
- (g) the Company and Nikko Bussan (Japan) will undertake to the Stock Exchange that the auditors of the Group will have access to the appropriate records of the Group and of Nikko Bussan (Japan), respectively to enable the auditors to report to the Directors the matters set out in paragraph (d) above.

II. SALE TO NIKKO BUSSAN (JAPAN)

Background

The Group has been engaging since 1990 and will continue to engage in the NB On-going Transactions involving the sale of golf products which constitute connected transactions of the Group under Chapter 14 of the Listing Rules.

Prior to the listing of the Company on 20 December, 2000, the total amounts of revenue generated from the NB On-going Transactions were approximately HK\$38,354,000, HK\$45,976,000 and HK\$35,077,000, respectively, representing approximately (i) 28.37%, 24.01% and 16.58%, respectively of the Group's total turnover and (ii) 203.8%, 97.24% and 170.8%, respectively of the book value of the Group's net tangible assets, for the three years ended 31 March, 2000.

On the basis of the Directors' previous anticipation that the revenue from the NB On-going Transactions for each of the three years ending 31 March, 2003 will be lower than those previous years and will not exceed 15% of the Group's total turnover for each of the financial years up to 31 March, 2003, the Company applied to the Stock Exchange for, and was granted, a waiver from the strict compliance with the disclosure and approval requirements of Chapter 14 of the Listing Rules in respect of the NB On-going Transactions for the period up to 31 March, 2003 on the condition, among the other conditions, that the aggregate amount receivable from and payable by Nikko Bussan (Japan) under the NB On-going Transactions will not exceed 15% of the total turnover of the Group in any financial year.

The Directors have received indications from potential and existing customers of Nikko Bussan (Japan) that potentially more orders for golf products manufactured by the Group would be placed with Nikko Bussan (Japan). Although those indications do not amount to fixed orders, the Directors nonetheless anticipate that there would be an increase of the Group's business in the market in Japan. It is now anticipated that the said 15% limit would be exceeded and the Company has applied to the Stock Exchange for a new waiver so that (i) the previous waiver will be revoked upon the coming into effect of the new waiver; (ii) the cap under the new waiver will be increased to 20% of the Group's total turnover in any financial year and (iii) the new waiver will be valid until 31 March, 2005.

Connection between the parties

The NB On-going Transactions involve the sale by the Group of golf products to Nikko Bussan (Japan) which is owned as to 56% by Mr. Takanori Matsuura, an executive director of the Company. Nikko Bussan (Japan) and Mr. Takanori Matsuura are, therefore, connected persons of the Group with an interest in the NB On-going Transactions by virtue of the Listing Rules.

As 66.26% of the issued share capital of the Company is held by CM Investment Company Limited which in turn is held as to 48.83% of its issued share capital by Mr. Takanori Matsuura, CM Investment Company Limited is also a connected person of the Group interested in the NB On-going Transaction.

Recent volumes of transactions

The total amount of revenue generated from the NB On-going Transactions in the three years ended 31 March, 2002 was approximately HK\$35,077,000, HK\$35,056,000 and HK\$31,856,000, respectively, representing approximately (i) 16.58%, 11.68% and 12.62% of the Group's total turnover and (ii) 170.80%, 20.70% and 18.15% of the book value of the Group's net tangible assets, for the respective years. The drop in the revenue generated from the NB On-going Transactions as a percentage of the book value of the Group's net tangible assets from 2000 to 2001 is attributable to the significant increase in the Group's net tangible assets following the listing thereof on the Stock Exchange. The Directors expect that the revenue from and payable by Nikko Bussan (Japan) to the Group under the NB On-going Transactions for each of the three years ending 31 March, 2005 will be higher than those from previous years but will not exceed 20% of the Group's total turnover for each relevant financial year. This expectation is founded on (i) the indications the Directors have received from potential and existing customers of Nikko Bussan (Japan) that potentially more orders for golf products manufactured by the Group would be placed with Nikko Bussan (Japan) and (ii) the level of existing orders from Nikko Bussan (Japan).

The Directors confirm that the NB On-going Transactions have been and will continue to be carried out in ordinary course of business of the Group and on normal commercial terms and are fair and reasonable insofar as the interests of the Shareholders taken as a whole are concerned.

Terms of NB On-going Transactions

NB On-going Transactions are simply made by way of purchase orders on simple terms including, generally speaking but subject to variation on a case by case basis, a 90 days credit term and a FOB shipping term. The prices of NB On-going Transactions are arrived at through arm's length negotiations taking into account (i) costs; (ii) prices of sales of similar products to other customers and (iii) prices of previous sales to Nikko Bussan (Japan).

Application for Waiver and Reasons

Without a waiver from the Stock Exchange, each of the NB On-going Transactions will require disclosure and approval from independent shareholders of the Company in accordance with the Listing Rules.

The Directors including the independent non-executive Directors are of the view that NB On-going Transactions have been and will continue to be carried out on normal commercial terms, determined on an arm's length basis and in the ordinary and usual course of business of the Group.

Given the on-going nature of the NB On-going Transactions, the Directors consider that disclosure and/or approval by the independent shareholders of the Company for each such transaction in the future on a continuing basis in order to comply with the requirements of the Listing Rules would be impracticable or unduly onerous.

On the basis of the Directors' previous anticipation that the revenue from the NB On-going Transactions for each of the three years ending 31 March, 2003 will be lower than those previous years and will not exceed 15% of the Group's total turnover for each of the financial years up to 31 March, 2003, the Company applied to the Stock Exchange for, and was granted, a waiver from the strict compliance with the disclosure and approval requirements of Chapter 14 of the Listing Rules in respect of the NB

On-going Transactions for the period up to 31 March, 2003 on the condition, among the other conditions, that the aggregate amount receivable from and payable by Nikko Bussan (Japan) under the NB On-going Transactions will not exceed 15% of the total turnover of the Group in any relevant financial year.

Due to an anticipated increase of the Group's business in the market in Japan for reasons as stated above, it is now anticipated that the said 15% limit would be exceeded and the Company has applied to the Stock Exchange for a new waiver from the strict compliance with the requirements of Rule 14.26 of the Listing Rules so that (i) the previous waiver will be revoked upon the coming into effect of the new waiver; (ii) the cap under the new waiver will be increased to 20% of the Group's total turnover in any relevant financial year and (iii) the new waiver will be valid until 31 March, 2005.

The application for new waiver is made on the following conditions:

(a) the NB On-going Transactions shall be:

- (i) entered into by the Group in the ordinary and usual course of its business;
- (ii) entered into on an arm's length basis, on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities) and on terms no less favourable than terms available to or from independent third parties or (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company taken as a whole are concerned; and
- (iii) carried out in accordance with the terms of the relevant agreements, documents or arrangements (including purchase orders) governing such transactions;

(b) disclosure shall be made in the Company's next and each successive annual report of the transactions containing those particulars specified in Rules 14.25(1)(A) to (D) of the Listing Rules together with a statement of the opinion of the independent non-executive Directors and confirmation from the auditors of the Company as referred to in conditions (c) and (d) below;

(c) the independent non-executive Directors shall review such connected transactions annually and confirm the following in the Company's annual report for the year during which such transactions took place that:

- (i) the transactions have been entered into by the Group in the ordinary and usual course of its business;
- (ii) the transactions have been entered into on an arm's length basis, on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities) and on terms no less favourable than terms available to or from independent third parties or (where there is no available comparison) on terms that are fair and reasonable so far as the Shareholders taken as a whole are concerned;
- (iii) the transactions have been carried out in accordance with the terms of the relevant agreements, documents or arrangements (including purchase orders) governing such transactions;
- (iv) the transactions have received the approval of the board of Directors; and
- (v) the transactions have not exceeded the maximum percentage set out in paragraph (e) below;

- (d) the auditors of the Company shall review the connected transactions annually and confirm to the Directors in writing, a copy of which shall be provided to the Stock Exchange that:
- (i) the transactions have received the approval of the board of Directors;
 - (ii) the transactions have been entered into in the ordinary and usual course of business of the Group;
 - (iii) the transactions have been carried out in accordance with the terms of the relevant agreements, documents or arrangements (including purchase orders) governing such transactions or on terms no less favourable than those available to independent third parties; and
 - (iv) the transactions have not exceeded the maximum percentage set out in paragraph (e) below;
- (e) the aggregate amount receivable from and payable by Nikko Bussan (Japan) to the Group for the NB On-going Transactions will not exceed 20% of the total turnover of the Group in any relevant financial year;
- (f) in the event that the maximum percentage set out in paragraph (e) above is exceeded, or in the event of any future changes to the terms of the connected transactions (unless as provided for under the terms of the relevant agreement) the Company must strictly comply with the relevant provisions of Chapter 14 of the Listing Rules unless it applies for and obtains a separate waiver from the Stock Exchange;
- (g) Nikko Bussan (Japan) will undertake to the Company that the auditors of the Company will have access to the appropriate records of the Group and of Nikko Bussan (Japan), respectively to enable the auditors of the Company to report to the Directors the matters set out in paragraph (d) above; and
- (h) Shareholders' approval in accordance with Rule 14.26 of the Listing Rules.

III. SALE TO GLOBAL SPORTS

Background

The Group has been engaging since 1999 and will continue to engage in the GS On-going Transactions, which involve the sale of golf products to Global Sports in the US.

The total amounts of revenue generated from the GS On-going Transactions were approximately HK\$1,863,000, HK\$8,262,000 and HK\$13,828,000, respectively, representing approximately (i) 0.88%, 2.75% and 5.48%, respectively of the Group's total turnover and (ii) 9.07%, 4.88% and 7.88%, respectively of the book value of the Group's net tangible assets, for the three years ended 31 March, 2002.

Global Sports, in the circumstances set out below in the paragraph headed "Connection between the parties", became a connected person of the Company on 10 June, 2002 and, accordingly, all GS On-going Transactions since that date constitute connected transactions of the Group under Chapter 14 of the Listing Rules.

Due to the expansion of the Group's business in the market in the US, it is now anticipated that the aggregate amount receivable from and payable by Global Sports under the GS On-going Transactions for each financial year up to 31 March, 2005 would increase and exceed the higher of HK\$10,000,000 or 3% of the book value of the Group's net tangible assets, but would not exceed 10% of the total turnover of the Group in any relevant financial year.

Connection between the parties

On 10 April, 2002, the Company became the ultimate majority shareholder (holding 51% shareholding interest) of Sino CTB Company, L.L.C. (“**Sino CTB**”), a company incorporated under the laws of the State of Nevada, US which engages in the sale and assembly of golf bags.

On 10 June, 2002, Global Sports also became a shareholder of Sino CTB holding 20% of its equity capital when it fully settled its investment in Sino CTB in the total amount of US\$100,000.

By virtue of its 20% shareholding interest in Sino CTB as of 10 June, 2002, Global Sports, being a substantial shareholder of a subsidiary of the Company, became a connected person of the Company as of the same date and all GS On-going Transactions since that date constitute connected transactions of the Group under Chapter 14 of the Listing Rules.

Recent volumes of transactions

The total amount of revenue generated from the GS On-going Transactions for each of the three years ended 31 March, 2002 is set out in the sub-section headed “Background” above. The same for the periods (i) from 1 April, 2002 to 9 June, 2002 and (ii) from 10 June, 2002 (the date the GS On-going Transactions became connected transactions) to the date of this announcement were HK\$103,000 and HK\$657,000 (up till now), respectively. The Directors expect that the revenue from and payable by Global Sports to the Group under the GS On-going Transactions for each of the three years ending 31 March, 2005 will be higher than those from previous years but will not exceed 10% of the Group’s total turnover. The expectation is founded on (i) the recent increase in the types of golf products sold to Global Sports and (ii) the level of existing orders from Global Sports.

The Directors confirm that the GS On-going Transactions have been and will continue to be carried out in ordinary course of business of the Group and on normal commercial terms and are fair and reasonable insofar as the interests of the Shareholders taken as a whole are concerned.

Terms of GS On-going Transactions

GS On-going Transactions are simply made by way of purchase orders on simple terms including, generally speaking but subject to variation on a case by case basis, a 120 days credit terms and a FOB/LC shipping term. The prices of GS On-going Transactions are arrived at through arm’s length negotiations taking into account (i) costs; (ii) prices of sales of similar products to other customers and (iii) prices of previous sales to Global Sports.

Application for Waiver and Reasons

Without a waiver from the Stock Exchange, each of the GS On-going Transactions will require disclosure and approval from independent shareholders of the Company in accordance with the Listing Rules on each and every occasion the GS On-going Transactions are conducted.

The Directors including the independent non-executive Directors are of the view that GS On-going Transactions have been and will continue to be carried out on normal commercial terms, determined on an arm’s length basis and in the ordinary and usual course of business of the Group.

Given the on-going nature of the GS On-going Transactions, the Directors consider that disclosure and/or approval by the independent shareholders of the Company for each such transaction in the future on a continuing basis in order to comply with the requirements of the Listing Rules would be impracticable or unduly onerous.

Accordingly, the Company has applied to the Stock Exchange for a waiver from strict compliance with the disclosure and approval requirements of Rule 14.26 of Listing Rules in respect of the GS On-going Transactions for the period up to 31 March, 2005 on the following conditions:

- (a) the GS On-going Transactions shall be:
 - (i) entered into by the Group in the ordinary and usual course of its business;
 - (ii) entered into on an arm's length basis, on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities) and on terms no less favourable than terms available to or from independent third parties or (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company taken as a whole are concerned; and
 - (iii) carried out in accordance with the terms of the relevant agreements, documents or arrangements (including purchase orders) governing such transactions;
- (b) disclosure shall be made in the Company's next and each successive annual report of the transactions containing those particulars specified in Rules 14.25(1)(A) to (D) of the Listing Rules together with a statement of the opinion of the independent non-executive Directors and confirmation from the auditors of the Company as referred to in conditions (c) and (d) below;
- (c) the independent non-executive Directors shall review such connected transactions annually and confirm the following in the Company's annual report for the year during which such transactions took place that:
 - (i) the transactions have been entered into by the Group in the ordinary and usual course of its business;
 - (ii) the transactions have been entered into on an arm's length basis, on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities) and on terms no less favourable than terms available to or from independent third parties or (where there is no available comparison) on terms that are fair and reasonable so far as the Shareholders taken as a whole are concerned;
 - (iii) the transactions have been carried out in accordance with the terms of the relevant agreements, documents or arrangements (including purchase orders) governing such transactions;
 - (iv) the transactions have received the approval of the board of Directors; and
 - (v) the transactions have not exceeded the maximum percentage set out in paragraph (e) below;
- (d) the auditors of the Company shall review the connected transactions annually and confirm to the Directors in writing a copy of which shall be provided to the Stock Exchange, that:
 - (i) the transactions have received the approval of the board of Directors;
 - (ii) the transactions have been entered into in the ordinary and usual course of business of the Group;
 - (iii) the transactions have been carried out in accordance with the terms of the relevant agreements, documents or arrangements (including purchase orders) governing such transactions or on terms no less favourable than those available to independent third parties; and

- (iv) the transactions have not exceeded the maximum percentage set out in paragraph (e) below;
- (e) the aggregate amount receivable from and payable by Global Sports to the Group for the GS On-going Transactions will not exceed 10% of the total turnover of the Group in any relevant financial year;
- (f) in the event that the maximum percentage set out in paragraph (e) above is exceeded, or in the event of any future changes to the terms of the connected transactions (unless as provided for under the terms of the relevant agreement) the Company must strictly comply with the relevant provisions of Chapter 14 of the Listing Rules unless it applies for and obtains a separate waiver from the Stock Exchange; and
- (g) Shareholders' approval in accordance with Rule 14.26 of the Listing Rule.

IV. ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Directors have noted the recent changes to the Listing Rules effective from September 2001 with respect to the requirements governing the Existing Scheme. In compliance with such changes to the Listing Rules, the Directors propose to adopt the New Scheme. The purpose of the New Scheme is to provide incentives to participants thereunder who contributed to the Group and to enable the Group to recruit high calibre employees.

The adoption of the New Scheme is conditional upon, inter alia, (1) the approval of the shareholders in the special general meeting of the Company; (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the shares of the Company to be issued pursuant to the exercise of the options granted under the New Scheme; and (3) if applicable, the Bermuda Monetary Authority granting approval to the issue of the shares of the Company to be issued pursuant to the exercise of the options granted under the New Scheme.

V. SPECIAL GENERAL MEETING

A circular containing notice to convene the special general meeting of the Company to be held at The Macro Polo Hongkong Hotel, Jade Room, 6/F, Harbour City, 3 Canton Road, Kowloon, Hong Kong on 7 August, 2002 at 3:00 p.m. (or immediately after the conclusion or, as the case may be, adjournment of the annual general meeting of the Company to be held at 2:30 p.m. on the same date and at the same venue, if later) will be despatched to the Shareholders soon for the purpose of considering and, if thought fit, passing, among others, the resolutions in respect of:

- (i) the adoption of the New Scheme and the termination of the Existing Scheme; and
- (ii) the approval of the NB On-going Transactions and the GS On-going Transactions.

As stated above, Mr. Takanori Matsuura and CM Investment Company Limited are connected persons of the Group interested in the NB On-going Transactions. They shall, as such, abstain from voting at the said special general meeting in respect of the resolution to approve the NB On-going Transactions.

An independent board committee, comprising Mr. Choy Tak Ho and Mr. Yasumori Muta, the independent non-executive directors, has been established to advise the shareholders in relation to the NB On-going Transactions and GS On-going Transactions. Platinum Securities Company Limited has been appointed as the independent financial adviser to advise the independent board committee.

A circular will also contain the letter of advice from Platinum Securities Company Limited to the independent board committee in relation to the NB On-going Transactions and the GS On-going Transactions, as well as the letter of advice from the independent board committee to the Shareholders in relation to the same.

DEFINITIONS

“Company”	Sino Golf Holdings Limited
“Directors”	directors of the Company
“Existing Scheme”	the share option scheme adopted by the Company on 5 December, 2000 for the granting of share options to executive directors and full-time employees of the Group
“Global Sports”	Global Sports Technology, Inc., a company incorporated in Florida, US
“Group”	the Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Scheme”	the share option scheme which is proposed and to be adopted by the Company
“Nikko Bussan (Japan)”	Nikko Bussan Co., Ltd., a company incorporated in Japan and controlled by Mr. Takanori Matsuura
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	United States of America

By order of the board
SINO GOLF HOLDINGS LIMITED
Chu Chun Man, Augustine
Chairman

Hong Kong, 11 July, 2002

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