
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Sino Golf Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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



SINO GOLF HOLDINGS LIMITED

順龍控股有限公司 #

(incorporated in Bermuda with limited liability)

Directors:

Mr. Chu Chun Man, Augustine
Mr. Takanori Matsuura
Mr. Chu Yuk Man, Simon
Mr. Chang Hua Jung
Mr. Carl Thomas McManis*
Mr. Yasumori Muta**
Mr. Choy Tak Ho**
Mr. Zhu Wan Li**

* *non-executive directors*

** *independent non-executive directors*

for identification purpose only

Registered Office:

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

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

19/F, Delta House
3 On Yiu Street, Shatin
New Territories
Hong Kong

12 July, 2002

To the shareholders

Dear Sir or Madam,

**GENERAL MANDATE FOR ISSUE OF SHARES AND
REPURCHASE BY THE COMPANY OF ITS OWN SHARES**

At the forthcoming annual general meeting (“**Annual General Meeting**”) of the shareholders (“**Shareholders**”) of Sino Golf Holdings Limited (the “**Company**”) to be held

on 7 August, 2002, an ordinary resolution will be proposed to grant to the directors of the Company (“**Directors**”) a general mandate (the “**General Mandate**”) to allot, issue and deal with the additional share (the “**Shares**”) of HK\$0.1 each in the capital of the Company up to a maximum of 20 per cent of the aggregate nominal amount of issued share capital of the Company at the time of passing of this resolution and a repurchase mandate (the “**Repurchase Mandate**”) to exercise the powers of the Company to undertake repurchases of the Shares on the Stock Exchange up to a maximum of 10 per cent of the aggregate nominal amount of issued share capital of the Company at the time of passing of this resolution.

In addition, this resolution will be proposed to increase the number of Shares to be allotted and issued under the General Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

The Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange contain provisions (the “**Share Buyback Rules**”): to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange.

SHARES BUYBACK RULES

Under the Shares Buyback Rules, any securities buyback by a company with a primary listing on the Stock Exchange has to comply with the following provisions:

(a) Shareholders’ Approval

All on-market share repurchases by a company must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval in relation to specific transactions.

(b) Source of Funds

Repurchases must be funded out of funds which are legally available for the purpose in accordance with the memorandum of association and bye-laws of the company, the laws of Bermuda and the relevant instrument creating the warrants.

SHARE CAPITAL

As at 5 July, 2002 (“**Latest Practicable Date**”), the number of Shares in issue was 302,200,000. On the basis of such figure and that no further Shares will be issued or repurchased prior to the date of the Annual General Meeting, the Directors would be authorised to repurchase up to a maximum of 30,220,000 Shares.

REASONS FOR SHARE BUYBACK

The Directors believe that the ability to repurchase Shares is in the interests of the Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in net assets and/or earnings per Share. The Directors are seeking the Repurchase Mandate to give the Company the flexibility to do so if and when appropriate. The number(s) and class(es) of shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

FUNDING OF REPURCHASES

Repurchases must be made out of funds which are legally available for such purpose in accordance with the memorandum and the bye-laws of the Company and the laws of Bermuda. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company.

There may be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the financial year ended 31 March, 2002) in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or its gearing level which in the opinion of the Directors is from time to time appropriate for the Company.

DIRECTORS' DEALINGS

There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates (as defined in the Listing Rules) of the Directors who have a present intention, in the event that the general mandate is granted by the Shareholders, to sell Shares to the Company.

DIRECTORS' UNDERTAKING

The Directors will undertake to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the Repurchase Mandate only in accordance with the Listing Rules and the laws of Bermuda.

EFFECT OF THE CODE

As at the Latest Practicable Date, CM Investment Company Limited was beneficially interested in approximately 200,249,775 Shares representing 66.26 per cent in the issued share capital of the Company. If, as a result of a share repurchase, a shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers ("**Takeovers Code**") and, if such increase results in a change in control, may in certain circumstances give rise to an obligation to make a general offer for shares under Rule 26 of the Takeovers Code. The Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any purchases made pursuant to the Repurchase Mandate.

SHARE REPURCHASE MADE BY THE COMPANY

No purchase has been made by the Company of Shares in the six months prior to the date of this circular.

CONNECTED PERSONS

No connected person (as defined in the Listing Rules) of the Company has notified it of a present intention to sell Shares to the Company and no such person has undertaken not to sell any such Shares to the Company in the event that the General Mandate is granted by the Shareholders.

MARKET PRICES

The highest and lowest prices at which Shares have traded on the Stock Exchange in each of the 12 months preceding the Latest Practicable Date are as follows:

	Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
July 2001	1.00	0.60
August 2001	0.67	0.56
September 2001	0.60	0.40
October 2001	0.56	0.425
November 2001	0.77	0.54
December 2001	0.71	0.44
January 2002	0.54	0.425
February 2002	0.63	0.51
March 2002	0.73	0.63
April 2002	0.82	0.70
May 2002	0.97	0.81
June 2002	0.87	0.66

RESOLUTIONS TO BE PROPOSED AT THE ANNUAL GENERAL MEETING

Ordinary resolution No. 7 to be proposed at the Annual General Meeting relates to the granting of a general mandate to the Directors of the Company to repurchase, on the Stock Exchange, Shares up to a maximum of 10 per cent of the issued share capital of the Company as at the date of the resolution.

Ordinary resolution No. 6 to be proposed at the Annual General Meeting relates to the granting of a general mandate to the Directors of the Company to issue new shares up to a maximum of 20 per cent of the issued share capital of the Company of the date of the resolution; in addition, subject to a separate approval of shareholders of ordinary resolution No. 8, the number of Shares repurchased by the Company under the Repurchase Mandate will also be added to the 20 per cent general mandate as mentioned above.

ACTION TO BE TAKEN

Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the Annual General Meeting. The return of a form of proxy will not preclude you from attending and voting in person if you so wish.

RECOMMENDATION

The Directors consider that the General Mandate and the Repurchase Mandate are in the best interests of the Company and its Shareholders. The Repurchase Mandate may, depending on market conditions and funding arrangement at the time, lead to an enhancement of the net value of the Company and its net assets and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and its Shareholders.

The Directors consider that an exercise of the General Mandate to allot and issue new Shares will enable the Company to take advantage of market conditions to raise additional capital for the Company.

Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of
the board of directors of
Sino Golf Holdings Limited
Chu Chun Man, Augustine
Chairman