SINO GOLF HOLDINGS LIMITED
順龍控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 361)

CONNECTED AND NOTIFIABLE TRANSACTION

SUMMARY

The Company announces that on 31 December 2004, SGMCL, an indirect wholly-owned subsidiary of the Company, has entered into the Agreement with the Purchaser whereby SGMCL has agreed to dispose of and the Purchaser has agreed to purchase 62.5% of the equity capital of SHL.

SHL is owned as to 62.5% and 37.5% by SGMCL and MI respectively. Su Founder is the beneficial owner of MI while Su Parties are the directors and beneficial owners of the Purchaser as well as Associates of Su Founder. Pursuant to the Agreement, SGMCL has agreed to sell 62.5% of the equity capital of SHL to the Purchaser for a consideration to be determined with reference to, but not less than, 62.5% of the Audited Net Asset Value of SHL as at 31 December 2004. As the Su Parties are the directors and beneficial owners of the Purchaser and also Associates of Su Founder who indirectly holds 37.5% of the equity capital of SHL, the Disposal contemplated under the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and the Company is under an obligation to disclose the details of the transaction. Subject to the determination of the Consideration, the Disposal may be subject to, among other things, approval from the independent Shareholders and if required, an independent board committee will be formed and independent financial advisor will be appointed. Based on the audited consolidated accounts of the Group for the year ended 31 December 2003 and the interim results of the Group for the six months ended 30 June 2004, each of the asset and profit ratios exceeds 5% and below 25%, the Disposal also constitutes a notifiable transaction under the requirement of Chapter 14 of the Listing Rules and the appropriate classification of the notifiable transaction shall be determined upon determination of the Consideration. Further announcement will be made upon determination of the Consideration.

BACKGROUND

The Group is principally engaged in the manufacture and trading of golf equipment and accessories and golf bags. SHL, an indirect subsidiary of the Company, is owned as to 62.5% and 37.5% by SGMCL and MI respectively. Pursuant to the Agreement, SGMCL has agreed to sell 62.5% of the equity capital of SHL to the Purchaser. As Su Parties are the directors and beneficial owners of the Purchaser and Associates of Su Founder who indirectly holds 37.5% of equity capital of SHL, the Agreement and the Disposal contemplated therein constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Based on the audited consolidated accounts of the Group for the year ended 31 December 2003 and the interim results of the Group for the six months ended 30 June 2004, each of the asset and profit ratios exceeds 5% and below 25%, the Disposal also constitutes a notifiable transaction under the requirement of Chapter 14 of the Listing Rules and the appropriate classification of the notifiable transaction shall be determined upon determination of the Consideration. Further announcement will be made upon determination of the Consideration.

Immediately after the completion of the Agreement, SHL will be owned as to 62.5% and 37.5% by the Purchaser and MI respectively. The Group will then have no shareholding in SHL.

Due to the fact that the Consideration is not yet determined and the uncertainty which exists in classifying the transaction contemplated under the Agreement, the Company did not make an announcement immediately because it is concerned about giving information that may be misleading. Having further consulted the Company's counsel, the Company were advised that it is desirable to make an announcement to the extent appropriate based on the content of the Agreement which would be supplemented by further announcement(s) or compliance requirement(s) when the Consideration is determined. The Stock Exchange is looking into the delay in the publication of the announcement and reserves the right to take actions against the Company and/or its Directors.

THE AGREEMENT

The terms of the Agreement have been arrived at after arm's length negotiations based on normal commercial terms and are considered by the Directors (including independent non-executive Directors) to be fair and reasonable and on normal commercial terms. The essential terms of the Agreement are summarized as follows:

Date:

31 December 2004

Parties:

Vendor: SGMCL

Purchaser: GLOBAL SOURCING AND DISTRIBUTION LIMITED

Assets to be disposed of by SGMCL:

62.5% of the equity capital of US$1,380,000 of SHL.

Consideration:

The Consideration is to be determined with reference to, but not less than, 62.5% of the Audited Net Asset Value of SHL as at 31 December 2004. The unaudited net asset value of SHL as at 31 December 2004 is approximately HK$19.4 million. The Directors have fulfilled their fiduciary duties by taking into account all relevant factors relating to the Disposal which are more particularly described under the section headed "Reasons for and Benefit of the Disposal".

The Consideration payable by the Purchaser to SGMCL will be settled by cash as to 60% upon completion of the Agreement and 40% one year after the completion of the Agreement. The proceeds from the Disposal will be utilized by SGMCL for its general working capital.

Expected gain on disposal of the equity capital in SHL by SGMCL

As the Consideration will be determined with reference to, but not less than, the attributable Audited Net Asset Value of SHL as at 31 December 2004, the amount of gain on the Disposal is subject to the finalization of the Consideration between SGMCL and the Purchaser when the Audited Net Asset Value of SHL is made available upon announcement of the Group's audited consolidated results for the year ended 31 December 2004. The Agreement is expected to be completed as soon as practicable after the Audited Net Asset Value of SHL is known and the Consideration has been agreed by SGMCL and the Purchaser, which is expected to be completed by the end of April 2005.

INFORMATION OF SHL

SHL was established on 4 April 2001 as a foreign equity joint venture between SGMCL and MI. SHL is principally engaged in the manufacture and distribution of golf equipment and accessories. Based on the figures of SHL audited by the Company's auditors for the year ended 31 December 2003 and the nine months ended 31 December 2002 respectively, the profit before tax, profit attributable to shareholders and the net asset value of SHL are summarized as follows:

	2003	**2002**
	HK$'000	*HK$'000*
Profit before tax	3,111	1,674
Profit attributable to shareholders	3,111	1,674
Net asset value	16,309	13,198

INFORMATION OF THE PURCHASER

The Purchaser is principally engaged in investments and investment holding activity, which is wholly-owned by the Su Parties and was set up to enter into this Agreement with SGMCL.

None of the Su Founder, the Su Parties or their respective associates hold any shares of the Company. The Company and the Su Parties do not have any joint investment in any companies.

REASONS FOR AND BENEFIT OF THE DISPOSAL

Since its establishment in 2001, SHL has principally been engaged in producing golf equipment to supply for the Group's export customers. The proportion of domestic customers was relatively insignificant until recent years when Su Founder and Su Parties started to adopt a more aggressive approach to develop domestic customers. Commensurate with their business strategy, Su Parties have expressed keen interest to acquire the Group's 62.5% equity interest in SHL to gain control over SHL. The Directors consider that it will be beneficial to and in the interest of the Group to enter into the Agreement with Su Parties for the disposal of the Group's equity interest in SHL.

After taking into consideration that (i) the Group will adopt a strategy to enhance and strengthen our own forging production capability and centralize the related management; (ii) there may be potential conflict of interest with MI when it continues to promote domestic customers portfolio of SHL; and (iii) the Disposal may give rise to a gain as the Consideration will be determined with reference to, but not less than, the attributable Audited Net Asset Value of SHL as at 31 December 2004, the Directors (including the independent non-executive Directors) believe that the Disposal is in the interest of the Company and its shareholders as a whole and the terms are fair, reasonable and on normal commercial terms. Given that the terms of the Disposal will not result in any loss to the Group, the Directors consider it desirable to bind the Purchaser by entering into the Agreement prior to the determination of the Consideration.

Subject to the determination of the Consideration, the Disposal may be subject to, among other things, approval from the independent Shareholders and if required, an independent board committee will be formed and independent financial advisor will be appointed.

FURTHER INFORMATION

Further announcement will be made upon determination of the Consideration.

In order to provide the Shareholders with full details of the Disposal, a circular containing, inter alia, further information on the Disposal described herein, will be dispatched to the Shareholders as soon as practicable after the determination of the Consideration.

As the Consideration is not expected to be determined until the end of April 2005, the despatch of the circular will be delayed. An application has been made to the Stock Exchange for an extension of time for the despatch of the circular and it is currently intended that the circular will be despatched to the Shareholders in May 2005.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

"Agreement"	the agreement dated 31 December 2004 in relation to the Disposal entered into between SGMCL and the Purchaser
"Associates"	shall have the same meaning as ascribed to it under the Listing Rules
"Audited Net Asset Value"	the net asset value as audited by the Company's auditors, Ernst & Young
"Company"	Sino Golf Holdings Limited, an exempted company incorporated in Bermuda with limited liability

"Consideration"	the consideration for the Disposal
"Directors"	the directors of the Company
"Disposal"	the disposal of 62.5% of equity capital of SHL by SGMCL to the Purchaser
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"MI"	順德市北滘鎮碧江經濟發展公司
"Purchaser"	Global Sourcing and Distribution Limited
"SGMCL"	Sino Golf Manufacturing Company Limited, an indirect wholly-owned subsidiary of the Company
"Shareholders"	the shareholders of the Company
"SHL"	順德市順興隆高爾夫球製品有限公司, an indirect subsidiary of the Company which is owned as to 62.5% by SGMCL
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Su Founder"	Mr. Su Han Ji, the 100% beneficial owner of MI
"Su Parties"	Mr. Su Han Jian and Mr. Su Jin Yuan, the brother and son of Mr. Su Han Ji respectively

By Order of the Board of
Sino Golf Holdings Limited
Chu Chun Man, Augustine
Chairman

Hong Kong SAR, 28 February 2005

As at the date hereof, the board of directors of the Company is comprised of 7 directors, of which 4 are Executive Directors, namely Messrs. CHU Chun Man, Augustine, Messrs. Takanori MATSUURA, Messrs. CHU Yuk Man, Simon and Messrs. CHANG Hua Jung, and the rest of 3 are Independent Non-executive Directors, namely Messrs. CHOY Tak Ho, Messrs. CHIU Lai Kuen, Susanna and Messrs. TSE Ying Man.

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