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

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SINO GOLF HOLDINGS LIMITED

順龍控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 361)

DISCLOSEABLE AND CONNECTED TRANSACTION

12 August 2005

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DEFINITIONS

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

“Acquisition”	the acquisition of 37.5% of the ordinary share capital of CTB from the Vendor by SGMCL
“Actual Profit”	audited consolidated profit after taxation but before the Extraordinary Items of CTB
“Agreement”	the agreement in relation to the Acquisition dated 19 July 2005 entered into between the Vendor and SGMCL
“Associates”	shall have the same meaning as ascribed to it under the Listing Rules
“Company”	Sino Golf Holdings Limited, an exempted company incorporated in Bermuda with limited liability
“Consideration”	the consideration for the Acquisition
“CTB”	CTB Golf (HK) Limited, a company incorporated in Hong Kong with limited liability and has an issued share capital of HK\$12,730,000 divided into 10,000,000 ordinary shares of HK\$1.00 each and 2,730,000 non-voting preference shares of HK\$1.00 each (held by an independent third party of the Company), all of which having been fully paid-up
“Directors”	the directors of the Company
“Extraordinary Items”	income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and therefore are not expected to recur frequently or regularly
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	11 August 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Profit Guaranteed Year”	the five accounting years commencing from 1 January 2004
“Sale Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of CTB
“SGMCL”	Sino Golf Manufacturing Company Limited, an indirect wholly owned subsidiary of the Company
“Share(s)”	Ordinary share(s) of HK\$0.10 each of the Company
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Mr. Chen Chien Hsiang, a substantial shareholder of CTB



SINO GOLF HOLDINGS LIMITED
順龍控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 361)

Directors:

Mr. Chu Chun Man, Augustine

Mr. Takanori Matsuura

Mr. Chu Yuk Man, Simon

Mr. Chang Hua Jung

Ms Chiu Lai Kuen Susanna*

Mr. Tse Ying Man*

Mr. Choy Tak Ho*

** independent non-executive Directors*

Registered Office:

Clarendon House

2 Church Street

Hamilton, HM 11

Bermuda

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

1901-13, Delta House

3 On Yiu Street, Shatin

New Territories

Hong Kong

12 August 2005

To the Shareholders

Dear Sirs or Madams,

DISCLOSEABLE AND CONNECTED TRANSACTION

I. INTRODUCTION

The purpose of this circular is to provide you with information relating to the discloseable and connected transaction of the Company entered into on 19 July 2005.

DISCLOSEABLE AND CONNECTED TRANSACTION

The Company announced that on 19 July 2005, SGMCL entered into the Agreement with the Vendor for the sale and purchase of shares in CTB whereby SGMCL has agreed to purchase and the Vendor has agreed to sell the remaining 37.5% of the ordinary share capital of CTB.

Pursuant to the Agreement, the Vendor has agreed to sell the remaining 37.5% of the ordinary share capital of CTB to SGMCL. As the Vendor is a substantial shareholder of CTB, which is an indirect subsidiary of the Company, the Agreement and the transaction contemplated therein constitute a connected transaction of the Company under Chapter 14A of the Listing Rules which is subject to the reporting and

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announcement requirements pursuant to rule 14A.32 of the Listing Rules. The transaction also constitutes a discloseable transaction, pursuant to Chapter 14 of the Listing Rules, as the relevant percentage ratios, calculated pursuant to rule 14.07 of the Listing Rules, exceed 5% but below 25%.

Immediately after the completion of the Agreement, CTB will be wholly owned by SGMCL and an indirectly wholly owned subsidiary of the Company.

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 and the Agreement is in the interest of the Company and the Shareholders as a whole. The essential terms of the Agreement are summarised as follows:

Date: 19 July 2005

Parties:

Vendor: Mr. Chen Chien Hsiang

Purchaser: SGMCL

Assets acquired by SGMCL:

3,750,000 Sale Shares, representing 37.5% of the ordinary share capital of CTB. SGMCL is not subject to any restriction on the subsequent sale of the 37.5% interest in CTB.

Consideration:

The Consideration paid by SGMCL to the Vendor upon signing of the Agreement was HK\$2,625,000 and was funded by internal resources of the Group.

The Consideration was determined with reference to the net asset value attributable to the entire issued ordinary shares of CTB based on the audited accounts of CTB for the year ended 31 December 2004, which amounted to approximately HK\$6.73 million (or approximately HK\$2.52 million attributable to the 3,750,000 Sale Shares).

INFORMATION OF CTB

CTB was incorporated in Hong Kong on 1 August 2001. CTB is principally engaged in the manufacturing and trading of sporting bags (including golf bags) and currently employs approximately 600 workers and has more than 40 existing customers. The consolidated turnover of CTB for the year ended 31 December 2004 was approximately HK\$75.5 million.

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Based on the audited consolidated accounts of CTB for the two years ended 31 December 2004, the profit/(loss) before tax, profit/(loss) attributable to shareholders and the net tangible assets of CTB attributable to the entire issued ordinary share capital are summarised as follows:

	2004	2003
	<i>HK\$</i>	<i>HK\$</i>
Profit /(Loss) before tax	(786,443)	1,374,244
Profit/(Loss) attributable to shareholders	(61,074)	848,875
Net tangible assets attributable to the entire issued ordinary share capital	6,727,070	6,788,144

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Group and SGMCL consist of the manufacturing and trading of golf equipment and accessories. The Directors consider that it will be beneficial to and in the interest of the Group to invest in business ventures with businesses that are in line with and are able to facilitate the development of the Group. The Company, through SGMCL, is already holding 62.5% of the equity interest of CTB.

CTB was not profitable in 2004 mainly due to the delay with the start-up of its new factory in August 2004 and the costs and expenses associated with the relocation of its production to the new factory. The Directors anticipate that when the new factory operates at its targeted volume, CTB shall generate higher revenue and regain profitability. The Directors are of the opinion that it is desirable to acquire the remaining 37.5% of the ordinary share capital of CTB at fair and reasonable terms. After taking into consideration the benefits and contribution that may be derived from (1) the anticipated continuing growth of the golf bag segment; (2) the enhanced production capacity of the new factory which has commenced production since August 2004, the Directors (including the independent non-executive Directors) believe that the terms of Acquisition are fair and reasonable and the Agreement is in the interests of the Company and the Shareholders as a whole because it enables the Company to gain a full control over the golf bag business of CTB.

The Directors do not expect the transaction to have any material impact on earnings per share and the assets and liabilities of the Company.

Yours faithfully,
For and on behalf of the Board
Chu Chun Man, Augustine,
Chairman

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 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.

DISCLOSURE OF INTERESTS**(a) Disclosure of interests by the Directors**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive in the shares and underlying shares of the Company and its associated corporation (within the meaning of Part XV of the SFO) which (a) 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 and short positions which are taken or deemed to have been taken under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

- (i) Long positions in shares and underlying shares of the Company and the share options granted by the Company

Name of directors	Number of shares held, capacity and nature of interest			No. of share options held		Percentage of the Company's issued Total share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporations	Directly beneficially owned		
<i>Executive Directors:</i>						
CHU Chun Man, Augustine	263	1,000,000	171,543,775	3,000,000	175,544,038	58.09%
Takanori MATSUURA	1,155,400	–	–	3,000,000	4,155,400	1.38%
CHU Yuk Man, Simon	636,237	–	–	3,000,000	3,636,237	1.20%
CHANG Hua Jung	456,793	–	–	–	456,793	0.15%
	<u>2,248,693</u>	<u>1,000,000</u>	<u>171,543,775</u>	<u>9,000,000</u>	<u>183,792,468</u>	

Notes:

The shares of the Company are held by CM Investment Company Limited, a company incorporated in the British Virgin Islands, of which, approximately 67.46% of its issued share capital are owned by A & S Company Limited, approximately 26.32% of its issued share capital are owned by Takanori Matsuura, approximately 4.18% of its issued share capital are owned by Chu Chun Man, Augustine and approximately 1.21% of its issued share capital are owned by Chu Yuk Man, Simon. A & S Company Limited is a company incorporated in the British Virgin Islands and owned as to approximately 64.00% by Chu Chun Man, Augustine, approximately 21.71% by Chu Yuk Man, Simon and 14.29% by another family member. The interests of Chu Chun Man, Augustine, Takanori Matsuura and Chu Yuk Man, Simon, in the 171,543,775 shares of the Company therefore duplicate with those of CM Investment Company Limited and A & S Company Limited.

(ii) Long positions in shares and underlying shares of an associated corporation

Name of directors	Name of associated corporation	Relationship with the Company	Shares/equity derivatives	Numbers of shares/equity derivatives held	Capacity and nature of interest	Percentage of the associated corporation's issued non-voting deferred share capital
CHU Chun Man, Augustine	Sino Golf Manufacturing Company Limited	Company's subsidiary	Non-voting deferred shares	1,190,607	Directly beneficially owned	30.98%
Takanori MATSUURA	Sino Golf Manufacturing Company Limited	Company's subsidiary	Non-voting deferred shares	1,841,323	Directly beneficially owned	47.92%
CHU Yuk Man, Simon	Sino Golf Manufacturing Company Limited	Company's subsidiary	Non-voting deferred shares	414,297	Directly beneficially owned	10.78%
CHANG Hua Jung	Sino Golf Manufacturing Company Limited	Company's subsidiary	Non-voting deferred shares	3,600	Directly beneficially owned	0.09%

(b) Particulars of Directors' Service Contracts

As at the Latest Practicable Date, no Director had a service contract with any member of the Group which is not determinable by the Company within one year without the payment other than statutory compensation.

(c) Save as disclosed above, as at the Latest Practicable Date:

- (i) none of the Directors and chief executive hold any interest or short position in the shares and underlying shares of the Company or any of its associated corporation (within the meaning of the SFO) notifiable to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have been taken under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange;
- (ii) none of the Directors had any direct or indirect interest in any assets which have been, other than as disclosed in the latest published audited accounts of the Group, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries; and
- (iii) none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

(d) Directors' interests in competing businesses

As at the Latest Practicable Date, no Directors had any interests in businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

SUBSTANTIAL SHAREHOLDERS

- (a) As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, the following persons and companies were interested in 5% or more in the Shares or underlying Shares which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Number of share options held	Total	Percentage of the Company's issued share capital
CM Investment Company Limited		Directly beneficially owned	171,543,775	–	171,543,775	56.76%
A & S Company Limited	(a)	Through a controlled corporation	171,543,775	–	171,543,775	56.76%
Value Partners Limited		Investment manager	18,844,000	–	18,844,000	6.24%
Cheah Cheng Hye	(b)	Through a controlled corporation	18,844,000	–	18,844,000	6.24%
Hung Tze Ng Cathy	(c)	Through spouse	171,544,038	3,000,000	174,544,038	57.76%
Hung Tze Ng Cathy		Directly beneficially owned	1,000,000	–	1,000,000	0.33%
			172,544,038	3,000,000	175,544,038	58.09%

Notes:

- (a) The interests disclosed include the shares owned by CM Investment Company Limited. CM Investment Company Limited is held directly as to 67.46% by A & S Company Limited. Accordingly, A & S Company Limited is deemed to be interested in shares owned by CM Investment Company Limited.
- (b) The interests disclosed include the shares owned by Value Partners Limited. Value Partners Limited is held directly as to 31.82% by Cheah Cheng Hye who reported the interests in shares owned by Value Partners Limited as deemed interest.

- (c) Hung Tse Nga, Cathy is the spouse of CHU Chun Man, Augustine. Accordingly, Hung Tze Nga, Cathy is deemed to be interested in shares and share options owned by CHU Chun Man, Augustine.

Save as disclosed above, so far as was known to the Directors, there was no other person (other than the Directors or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued share capital of the Company.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

MATERIAL ADVERSE CHANGE

Save as disclosed in this circular, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December, 2004, the date to which the latest published audited accounts of the company were made up.

MISCELLANEOUS

- (a) The registered office of the Company is 19th Floor, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.
- (b) The share registrars of the Company is Tengis Limited located at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (c) The company secretary and qualified accountant of the Company is Choi Ying, Kammy. She is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (d) The English text of this circular will prevail over the Chinese text.