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## **SINO GOLF HOLDINGS LIMITED**

**順龍控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00361)**

### **MAJOR TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST IN LUCKY FOUNTAIN HOLDINGS LIMITED**

**Financial adviser to the Company**

**VEDA | CAPITAL**  
**智略資本**

#### **THE ACQUISITION**

The Board announces that on 2 February 2016 (after trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Share and the Sale Loan for the Consideration of HK\$235,700,000. The Consideration shall be satisfied (i) as to HK\$20,000,000 by an initial refundable deposit payable by the Purchaser to the Vendor within ten (10) Business Days from the date of the signing of the Sale and Purchase Agreement; and (ii) as to HK\$215,700,000 by way of procuring the Company to issue the Promissory Notes to the Vendor upon Completion. Details of the payment terms are set out in the paragraph headed “Consideration” in this announcement.

Upon Completion, the Target Group will become subsidiaries of the Company and their results, assets and liabilities will be consolidated into the consolidated financial statements of the Group.

As at the date of this announcement, the Target Company holds the entire equity interest of Billion Link and Billion Link holds the entire equity interest of Billion Ventures. The principal assets of the Billion Ventures are the Properties. The Properties are located at Saipan with a total site area of approximately 79,529 square metres.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the Acquisition is expected to exceed 25% but are lower than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition will be subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Acquisition, is expected to be despatched to Shareholders on or before 26 February 2016 in compliance with the Listing Rules.

**Shareholders and potential investors should note that Completion is subject to various conditions as stated in the section headed "Conditions precedent" in this announcement. Shareholders and potential investors are therefore urged to exercise caution when dealing in the Shares.**

## **THE ACQUISITION**

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### **The Sale and Purchase Agreement**

Date : 2 February 2016 (after trading hours)

Parties : (i) Future Success Group Limited, a wholly owned subsidiary of the Company, as the Purchaser; and  
(ii) Top Force Ventures Limited, as the Vendor.

The Vendor is principally engaged in investment holding. As at the date of this announcement, the Vendor owns the entire equity interest in the Target Company, a company incorporated in BVI with limited liability, with its principal activities being investment holding. The Target Company owns the entire equity interest in Billion Link, a company incorporated in BVI with limited liability. Billion Link owns the entire equity interest in Billion Ventures, a company incorporated in CMNI with limited liability.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

### **Assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the (i) Sale Share, representing the entire issued share capital of the Target Company; and (ii) Sale Loan, representing the shareholder's loan owing by the Target Group to the Vendor at Completion. As at 31 December 2015, the Sale Loan amounted to approximately US\$19,362,000 (equivalent to approximately HK\$150,054,000).

The principal asset of the Target Group is the Properties. Further information on the Target Company, Billion Link, Billion Ventures and the Properties are set out in the paragraph headed "INFORMATION ON THE VENDOR, THE TARGET GROUP AND THE PROPERTIES" below.

The Purchaser shall not be obliged to purchase any of the Sale Share and the Sale Loan unless the sale and purchase of the Sale Share and the Sale Loan are completed simultaneously.

### **Consideration**

The Consideration of HK\$235,700,000 shall be satisfied by the Purchaser to the Vendor in the following manner:

- (i) an initial refundable deposit of HK\$20,000,000 payable within ten (10) Business Days from the date of signing of the Sale and Purchase Agreement; and
- (ii) the remaining balance of HK\$215,700,000 by way of procuring the Company to issue the Promissory Notes to the Vendor upon Completion.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser after taking into account (i) the preliminary valuation prepared by Vigers Appraisal and Consulting Limited, an independent property valuer, an indication of the Properties' value in the amount of US\$31,000,000 (equivalent to approximately HK\$240,250,000) as at 31 December 2015; and (ii) the future prospects of the Target Company.

### **Conditions precedent**

Completion is conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (i) the Purchaser being satisfied with the results of the due diligence review;
- (ii) (if applicable) all necessary consents and approvals in relation to the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Vendor;
- (iii) (if applicable) all necessary consents and approvals in relation to the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Purchaser;
- (iv) the passing of the ordinary resolution(s) by the relevant Shareholders at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Promissory Notes);
- (v) the obtaining of a CNMI legal opinion (in the form and substance satisfactory to the Purchaser) in relation to the transactions contemplated under the Sale and Purchase Agreement and the titles of the Properties;
- (vi) the Purchaser being satisfied that there are no title defects to the Properties and it is free from all encumbrances;
- (vii) production of written evidence by the Vendor to the satisfaction of the Purchaser that all debts and liabilities of the Target Company (other than the Sale Loan) having been discharged, released, waived or extinguished;

- (viii) the obtaining of a valuation report (in the form and substance satisfactory to the Purchaser) issued by the Independent Valuer appointed by the Purchaser showing that the valuation of the Properties in aggregate to be not less than HK\$240,000,000;
- (ix) the Purchaser being satisfied that there has not been any material adverse change in respect of the Target Company since the date of the Sale and Purchase Agreement; and
- (x) all warranties under Sale and Purchase Agreement remaining valid, true and correct in all respects.

The Purchaser may at any time waive in writing all or any of the conditions (i), (vi), (vii) and (x) as set out above.

If the conditions above are not fully satisfied or waived on or before 4:00 p.m. on the Long Stop Date, subject to the refund of the deposit to the Purchaser, the Sale and Purchase Agreement shall cease and determine save as otherwise specified therein and neither party to the Sale and Purchase Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the Sale and Purchase Agreement. In addition, the Vendor shall immediately refund the deposit in full to the Purchaser together with any other amount paid by the Purchaser to the Vendor under the Sale and Purchase Agreement.

### **Completion**

Completion shall take place on the Completion Date, being the third Business Day after the fulfilment (or waiver, as the case may be) of the conditions set out in the paragraph headed “Conditions precedent” above, or such other date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Target Company and its subsidiaries will become subsidiaries of the Company and their results, assets and liabilities will be consolidated into the consolidated financial statements of the Company.

### **THE PROMISSORY NOTES**

The Company will issue the Promissory Notes in the principal amount of HK\$215,700,000 to the Vendor as part of the Consideration upon Completion. The Promissory Notes are unsecured and at an interest rate of 12% per annum. Subject to the receipt by the Company of a five (5) Business Days’ prior written notice of the Vendor’s intention to transfer or assign the Promissory Notes, the Promissory Notes are freely transferrable and assignable by the Vendor to any party (except to the connected person(s) of the Company) and will mature at the 2nd anniversary from the date of issue. The Promissory Notes contain events of default provisions which provide that on the occurrence of certain events of default specified therein, the Vendor may give notice to the Company that the Promissory Notes are immediately due and payable at its principal amount then outstanding together with interest accrued thereon.

The Promissory Notes may be redeemed early by the Company for any principal amount of not less than HK\$1,000,000 (or all the outstanding principal amount if such amount is less than HK\$1,000,000) together with the outstanding interest accrued on the redemption amount by not less than 10 Business Days’ written notice to the Vendor.

## **INFORMATION ON THE VENDOR, THE TARGET GROUP AND THE PROPERTIES**

The Vendor, Top Force Ventures Limited, is a company incorporated in BVI with limited liability, with its principal activities being investment holdings.

As at the date of this announcement, the Vendor owns the entire equity interest in the Target Company, a company incorporated in BVI with limited liability, with its principal activities being investment holdings.

According to the unaudited management accounts of the Target Company prepared in accordance with Hong Kong Financial Reporting Standards, for the period from 19 March 2014 (date of incorporation) to 31 December 2014, the Target Company had recorded nil revenue and income respectively, with an unaudited net asset value of US\$1.

On 10 July 2015, the Target Company purchased the entire equity interest of Billion Link, a company incorporated in BVI with limited liability, with its principal activities being investment holdings.

Billion Link owns the entire equity interest in Billion Ventures, a company incorporated in CNMI with limited liability, with its principal activities being real estate development. Billion Ventures holds the Properties.

The principal assets of the Target Group are the Properties.

### **Information of the Properties**

The Properties comprise of twelve land parcels with a total site area of approximately 79,529 square metres and are located in Saipan.

1. Parcel one situated on the beachfront directly adjacent to the Pau Pau Beach Park and fronting onto Chalan Pale Arnold Road and contains an area of 1,500 square metres.
2. Parcel two situated on the beachfront directly adjacent to the Pau Pau Beach Park and fronting onto Chalan Pale Arnold Road and contains an area of 500 square metres.
3. Parcel three situated on the beachfront directly adjacent to the Pau Pau Beach Park and fronting onto the Chalan Pale Arnold Road and contains an area of 500 square metres.
4. Parcel four situated on the beachfront directly adjacent to the Pau Pau Beach Park and fronting onto the Chalan Pale Arnold Road and contains an area of 3,584 square metres.
5. Parcel five situated on the beachfront directly adjacent to the Pau Pau Beach Park and fronting onto the Chalan Pale Arnold Road and contains an area of 15,000 square metres.
6. Parcel six situated on the beachfront directly adjacent to the Pau Pau Beach Park and fronting onto the Chalan Pale Arnold Road and contains an area of 2,500 square metres.
7. Parcel seven situated on the beachfront directly adjacent to the Pau Pau Beach Park and fronting onto the Chalan Pale Arnold Road and contains an area of 2,500 square metres.

8. Parcel eight situated on the beachfront directly adjacent to the Pau Pau Beach Park and fronting onto the Chalan Pale Arnold Road and contains an area of 2,501 square metres.
9. Parcel nine situated in proximity to the Pau Pau Beach Park and fronting onto the Chalan Pale Arnold Road and contains an area of 9,352 square metres.
10. Parcel ten situated in Navy Hill near Garapan and fronting onto the Navy Hill Road and Gloria Drive and contains an area of 10,980 square metres.
11. Parcel eleven situated in proximity to the Pau Pau Beach Park and fronting onto the Chalan Pale Arnold Road and Matansa Drive and contains an area of 20,408 square metres.
12. Parcel twelve situated in proximity to the Pau Pau Beach Park and fronting onto the Chalan Pale Arnold Road and Matansa Drive and contains an area of 10,204 square metres.

### **Financial information of the Target Group**

Set out below is the summary of the key financial information extracted from the unaudited consolidated financial statements of the Target Group for the year ended 31 December 2015:

	<b>For the year ended 31 December 2015</b>
	<i>US\$ approximately (unaudited)</i>
Turnover	–
Net loss (before taxation)	259,510
Net loss (after taxation)	259,510

The unaudited consolidated total asset value and net liabilities of the Target Group as at 31 December 2015 were approximately US\$19,102,325 and approximately US\$259,510 respectively.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is incorporated in Bermuda as an exempted company with limited liability, the issued Shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding. The Group is principally engaged in the manufacturing and trading of golf equipment, golf bags and other accessories.

Following the change of control of the shareholding of the Company on 14 September 2015 as disclosed in the composite and offer document dated 24 August 2015 jointly issued by the Company and Surplus Excel Limited, the Board has been exploring appropriate business opportunities and/or investment to expand the revenue sources and enhance the long-term growth potential of the Group.

CNMI is a United States of America Territory with “commonwealth” status, comprising fifteen islands in the Pacific Ocean. Saipan is the largest island in the CNMI and is a popular tourism destination. The economies of Saipan are vitally driven by tourism and are well-known as a perfect getaway for tourists around the world featuring the rich cultural history and tropical marine weather that offer year-round outdoor activities including but not limited to, world class diving and golfing. In addition, the CNMI has been recently awarded Best Sunshine International an exclusive casino license for Saipan to construct and operate a casino and an integrated resort in Saipan to energise its tourism and hotel industries.

Saipan is an attractive market for golf related tourism and is home to a host of golf courses, including but not limited to (i) The Lao Lao Bay Golf Resort; (ii) Kingfisher Golf Links; (iii) The Coral Ocean Point Resort Club; (iv) The Marianas Country Club; and (v) The Saipan Country Club. The Properties are located in close proximity to these golf courses and the Board is in the preliminary view to precede the development of hotel resorts and/or timeshare condominiums on the Properties in several phases upon Completion. It is believed by the Board that the development of the Properties can offer a unique golf-theme accommodation experience to the Saipan’s tourists and is able to help promotion of the tourism industry of Saipan. The Group will initially construct timeshare condominiums in the first phase of the development of the Properties and the remaining unused land parcels of the Properties will be retained as the Group’s land reserve in Saipan for future construction purposes. The Group is considering to fund the initial development costs for the first phase of the Properties by ways of debt financing and/or equity financing if and when the development commences.

Given that (i) the Group has extensive golf-related experience through the manufacturing and trading of golf equipment, golf bags and other accessories; (ii) the member of the Board possesses experience in hotel operations; and (iii) the positive tourism prospect of Saipan, it is believed by the Board that the Acquisition represents an excellent opportunity for the Enlarged Group to expand its business portfolio into an unique market, comprising the hospitality sector and golf theme. The Board is also of the view that the Acquisition is in line with the Group’s intention to expand its existing business for better growth potential and presents good investment opportunities for the Group with a potential of capital appreciation in the long run. Therefore, the Board considers that the Acquisition is in the interests of the Shareholders and the Company as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the Acquisition is expected to exceed 25% but are lower than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition will be subject to the reporting, announcement and the Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Acquisition, is expected to be despatched to Shareholders on or before 26 February 2016 in compliance with the Listing Rules.

## **WARNING**

**Shareholders and investors should note that Completion is subject to various conditions as stated in the section headed “Conditions precedent” above. Investors and Shareholders are therefore urged to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Acquisition”	the proposed acquisition of the entire issued share capital of the Target Company under the Sale and Purchase Agreement
“associates”	as defined in the Listing Rules
“Billion Link”	Billion Link Ventures Limited, a company incorporated in BVI with limited liability and wholly owned by the Target Company
“Billion Ventures”	Billion Ventures (CNMI) Limited, a company incorporated in CNMI with limited liability and wholly owned by Billion Link
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“CNMI”	the Commonwealth of the Northern Mariana Islands
“Company”	Sino Golf Holdings Limited, a company incorporated in Bermuda as an exempted company with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00361)
“Completion”	completion of the sale and purchase of the Sale Share and the Sale Loan pursuant to the Sale and Purchase Agreement
“Completion Date”	the date which is the third (3rd) Business Day after the date on which the conditions precedent under the Sale and Purchase Agreement are satisfied or waived or such other date as the Purchaser and the Vendor may agree in writing
“connected person(s)”	as defined in the Listing Rules
“Consideration”	the aggregate consideration of HK\$235,700,000 payable in respect of the Acquisition pursuant to the Sale and Purchase Agreement



“Directors”	directors of the Company
“Enlarged Group”	the Group as enlarged by the Target Group immediately upon Completion
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) are third parties independent of the Group and its connected persons in accordance with the Listing Rules
“Independent Valuer”	an independent professional valuer appointed by the Purchaser to conduct the valuation on the Properties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2016, or such later date as the Vendor and the Purchaser may agree in writing
“PRC”	the People’s Republic of China, for the purposes of this circular and for geographical reference only, excludes Taiwan, the Macao Special Administrative Region and Hong Kong
“Promissory Notes”	12% interest bearing promissory notes in the principal amount of HK\$215,700,000 to be issued by the Company to the Vendor upon Completion
“Properties”	the twelve land parcels located in Saipan with a total site area of approximately 79,529 square metres
“Purchaser”	Future Success Group Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the agreement dated 2 February 2016 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the entire issued share capital of the Target Company
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Group to the Vendor and its associates on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion
“Sale Share”	the entire issued share capital of the Target Company

“SGM”	a special general meeting of the Company to be held to consider and, if though fit, approve the Acquisition and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each of the Company
“Shareholder(s)”	Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Lucky Fountain Holdings Limited, a company incorporated in BVI with limited liability and wholly owned by the Vendor
“Target Group”	Target Company and its subsidiaries
“Vendor”	Top Force Ventures Limited, a company incorporated in BVI with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*For the purpose of this announcement, unless otherwise indicated, the exchange rate of US\$1.00 = HK\$7.75 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.*

By order of the Board  
**Sino Golf Holdings Limited**  
**WONG Hin Shek**  
*Chairman*

Hong Kong, 2 February 2016

*As at the date of this announcement, the Board comprises Mr. WONG Hin Shek, Mr. ZHANG Yi and Mr. CHU Chun Man, Augustine, all being executive Directors; and Ms. CHU Yin Yin, Georgiana, Mr. YIP Tai Him and Mr. CHAN Kai Wing, all being independent non-executive Directors.*

\* *For identification purpose only*