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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in doubt** as to any aspect of this prospectus or as to the action to be taken, you should consult your stock broker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

A copy of each of the Rights Issue Documents, together with the documents specified in the paragraph headed "Documents delivered to the Registrars of Companies" in Appendix III to this prospectus, have been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance. A copy of each of the Rights Issue Documents will be filed with the Registrar of Companies in Bermuda in compliance with the Companies Act. The Registrar of Companies in Hong Kong, the Securities and Futures Commission of Hong Kong, the Registrar of Companies in Bermuda and the Bermuda Monetary Authority take no responsibility for the contents of any of these documents.

Dealings in the Shares and the Rights Shares in their nil-paid form and fully-paid form may be settled through CCASS and you should consult your stock broker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

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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)

## RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

Financial adviser to Sino Golf Holdings Limited



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The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Thursday, 17 November 2011. The procedure for acceptance and transfer of the Rights Shares are set out in the paragraph headed "Procedure for acceptance and payment or transfer" on pages 13 and 14 of this prospectus.

The Shares have been dealt in on an ex-rights basis since Friday, 28 October 2011 and the Rights Shares are expected to be dealt with in their nil-paid form from Monday, 7 November 2011 to Monday, 14 November 2011 (both days inclusive). It is expected that the conditions referred to in the paragraph headed "Conditions of the Rights Issue" in this prospectus are to be fulfilled on or before 4:00 p.m. on Monday, 21 November 2011. If the conditions referred to in that paragraph are not fulfilled or the Underwriting Agreement has been terminated in accordance with the terms thereof, the Rights Issue will not proceed. Any person contemplating buying or selling Shares from the date of this prospectus up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between Monday, 7 November 2011 and Monday, 14 November 2011 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any persons contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional adviser.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to the Latest Termination Time to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These events are set out under the section headed "Termination of the Underwriting Agreement" on pages 7 to 8 of this prospectus. If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on pages 16 to 17 of this prospectus being fulfilled. If such conditions have not been satisfied in accordance with the Underwriting Agreement on or before the time and dates specified therein, all liabilities of the parties to the Underwriting Agreement shall cease and determine and none of the parties shall have any claim against the other save that all such reasonable costs, fees and other out-of-pocket expenses as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Rights Shares by the Underwriter (but not the underwriting commission) shall to the extent agreed by the Company be borne by the Company and the Rights Issue will not proceed.

3 November 2011

\* for identification purpose only

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## EXPECTED TIMETABLE

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*2011*

Register of members of the Company re-opens . . . . .	Wednesday, 2 November
Despatch of the Rights Issue Documents . . . . .	Thursday, 3 November
First day of dealings in the nil-paid Rights Shares . . . . .	Monday, 7 November
Latest time for splitting of the nil-paid Rights Shares. . . . .	4:30 p.m. on Wednesday, 9 November
Last day of dealings in the nil-paid Rights Shares . . . . .	Monday, 14 November
Latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares . . . . .	4:00 p.m. on Thursday, 17 November
Latest time for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Monday, 21 November
Announcement of results of acceptance of and excess applications for the Rights Issue. . . . .	Tuesday, 22 November
Despatch of refund cheques in respect of unsuccessful or partially unsuccessful excess applications for the excess Rights Shares on or before . . . . .	Wednesday, 23 November
Despatch of certificates for the fully-paid Rights Shares on or before . . . . .	Wednesday, 23 November
Commencement of dealings in the fully-paid Rights Shares . . . . .	Friday, 25 November

All references to times and dates in this prospectus are references to Hong Kong local times and dates.

Dates or deadlines specified herein may be varied or extended by the Company and the Underwriter and are therefore tentative and indicative only. Further announcement(s) will be made by the Company on any changes to the above expected timetable, if and when appropriate.

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## EXPECTED TIMETABLE

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*Note:* The latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares will not take effect if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (1) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares does not take effect on the Acceptance Date, the dates mentioned above may be affected. An announcement will be made by the Company in such event as soon as practicable.

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## DEFINITIONS

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*In this prospectus, unless the context requires otherwise, the following expressions have the following meanings:*

“A&S”	:	A & S Company Limited, a company incorporated in BVI with limited liability and is beneficially owned as to 64.0% by Mr. Chu
“Acceptance Date”	:	Thursday, 17 November 2011, being the last day for acceptance of and payment for the Rights Shares
“Announcement”	:	the announcement of the Company dated 21 October 2011
“Board”	:	the board of Directors
“Business Day”	:	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	:	the British Virgin Islands
“CCASS”	:	the Central Clearing and Settlement System established and operated by HKSCC
“CM Investment”	:	CM Investment Company Limited, a company incorporated in BVI with limited liability, which is beneficially owned as to approximately 67.5% by A&S, as to approximately 16.8% by Mr. Takanori Matsuura (deceased), as to approximately 9.5% by Ms. Takami Takako, as to approximately 4.2% by Mr. Chu, as to approximately 1.2% by Mr. Simon Chu and as to the balance of approximately 0.8% by Ms. Alice Tung, the mother of Mr. Chu and Mr. Simon Chu
“Companies Act”	:	the Companies Act 1981 of Bermuda
“Companies Ordinance”	:	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	:	Sino Golf Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Despatch Date”	:	Thursday, 3 November 2011, being the date on which the Rights Issue Documents are despatched
“Director(s)”	:	the director(s) of the Company

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## DEFINITIONS

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“EAF(s)”	:	the form(s) of application for the excess Rights Shares
“Excluded Shareholder(s)”	:	the Overseas Shareholder(s) who the Directors, after making enquiries regarding the legal restrictions, if any, under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange in the place where the Overseas Shareholder(s) resides, consider it necessary or expedient not to offer them the Rights Shares
“Group”	:	the Company and its subsidiaries
“HK\$”	:	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	:	Hong Kong Securities Clearing Company Limited
“Hong Kong”	:	the Hong Kong Special Administrative Region of PRC
“Irrevocable Undertaking”	:	the irrevocable undertaking in the Underwriting Agreement given by CM Investment and Mr. Chu to the Company and the Underwriter on 21 October 2011 to subscribe for: (i) 85,771,887 Rights Shares to which CM Investment is entitled under the Rights Issue; and (ii) 1,163,131 Rights Shares to which Mr. Chu is entitled under the Rights Issue respectively, the details of which are set out in the paragraph headed “Irrevocable Undertaking from CM Investment and Mr. Chu” under the section headed “Underwriting arrangements for the Rights Issue” above in this prospectus
“Latest Practicable Date”	:	31 October 2011, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information for inclusion herein
“Latest Termination Time”	:	4:00 p.m. on the second Business Day after the Acceptance Date
“Listing Committee”	:	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chu”	:	Mr. Chu Chun Man, Augustine, the chairman of the Company and a Director
“Mr. Simon Chu”	:	Mr. Chu Yuk Man, Simon, a Director and the elder brother of Mr. Chu

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## DEFINITIONS

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“Overseas Shareholder(s)”	:	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company on the Record Date is/are outside of Hong Kong
“PAL(s)”	:	the provisional allotment letter(s) for the Rights Shares
“PRC”	:	the People’s Republic of China
“Qualifying Shareholder(s)”	:	the Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	:	Tuesday, 1 November 2011, the record date to determine entitlements to the Rights Issue
“Registrar”	:	Tricor Tengis Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	:	the issue by the Company of 153,350,000 Rights Shares at the Subscription Price on the basis of one Rights Share for every two existing Shares held on the Record Date payable in full on acceptance under the terms and conditions as set out in the Underwriting Agreement and this prospectus
“Rights Issue Documents”	:	this prospectus, the PAL and the EAF
“Rights Share(s)”	:	the new Share(s) to be allotted and issued by the Company under the Rights Issue
“SFO”	:	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	:	ordinary share(s) of 10 Hong Kong cents each in the issued share capital of the Company
“Shareholder(s)”	:	the holder(s) of the Share(s)
“Specified Event”	:	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Termination Time, which would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect prior to the Latest Termination Time
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Subscription Price”	:	the issue price of HK\$0.39 per Rights Share at which the Rights Shares are proposed to be offered for subscription
“Takeovers Code”	:	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	:	Fortune Belt Limited, a company incorporated in BVI with limited liability, which is beneficially owned as to 62.5% by Mr. Chu, as to 22.5% by Mr. Simon Chu and as to 15% by Ms. Chu Ching Yee Irene, the sister of Mr. Chu and Mr. Simon Chu
“Underwriting Agreement”	:	the underwriting agreement entered into between the Company and the Underwriter dated 21 October 2011 in relation to the Rights Issue
“Underwritten Rights Shares”	:	the Rights Shares, other than those agreed to be taken up pursuant to the Irrevocable Undertaking, subject to the terms and conditions of the Underwriting Agreement
“%”	:	per cent



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## TERMINATION OF THE UNDERWRITING AGREEMENT

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The Underwriter reserves the right, to terminate the Underwriting Agreement, prior to the Latest Termination Time, if any of the below occurs prior to the Latest Termination Time:

- (1) in the sole and absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (6) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Rights Issue Documents or other announcements or circulars in connection with the Rights Issue.

Furthermore, the Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Termination Time:

- (1) any material breach of any of the representations, warranties or undertakings as set out in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

If prior to the Latest Termination Time any such notice as referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

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LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Chu Chun Man, Augustine (*Chairman*)

Mr. Chu Yuk Man, Simon

Mr. Chang Hua Jung

*Registered office:*

Clarendon House

2 Church Street

Hamilton, HM 11

Bermuda

*Independent non-executive Directors:*

Mr. Choy Tak Ho

Ms. Chiu Lai Kuen, Susanna

Mr. Hsieh Ying Min

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

Room 1901, 19/F., Delta House

3 On Yiu Street, Shatin

New Territories

Hong Kong

3 November 2011

*To the Qualifying Shareholders,  
and for information only, the Excluded Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF  
ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES  
HELD ON THE RECORD DATE**

**INTRODUCTION**

It was announced on 21 October 2011 that the Company proposed the Rights Issue at the subscription price of HK\$0.39 per Rights Share on the basis of one Rights Share for every two existing Shares held on the Record Date.

The purpose of this prospectus is to provide you, among other things, details of the Rights Issue.

\* *for identification purpose only*

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## LETTER FROM THE BOARD

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### THE RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue	:	One Rights Share for every two existing Shares held on the Record Date
Subscription Price	:	HK\$0.39 per Rights Share
Number of the existing Shares in issue as at the Latest Practicable Date	:	306,700,000 Shares
Number of the Rights Shares	:	153,350,000 Rights Shares
Enlarged issued share capital upon completion of the Rights Issue	:	460,050,000 Shares

153,350,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 50.0% of the issued share capital of the Company as at the Latest Practicable Date and approximately 33.3% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue (assuming no new Shares are issued except pursuant to the Rights Issue between the Latest Practicable Date and completion of the Rights Issue).

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants, conversion rights or other similar rights which confer any right to subscribe for, convert or exchange into Shares.

#### Subscription Price

The subscription price of HK\$0.39 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applies for the excess Rights Shares or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 4.9% to the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on 20 October 2011, being the last trading day prior to the publication of the Announcement;
- (ii) a discount of approximately 4.4% to the average closing price of approximately HK\$0.408 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 20 October 2011;

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## LETTER FROM THE BOARD

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- (iii) a discount of approximately 4.2% to the average closing price of approximately HK\$0.407 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including 20 October 2011;
- (iv) a discount of approximately 3.2% to the theoretical ex-rights price of approximately HK\$0.403 per Share based on the closing price as quoted on the Stock Exchange on 20 October 2011;
- (v) a discount of approximately 51.3% to the unaudited consolidated net tangible asset value per Share of approximately HK\$0.80 (based on the latest published unaudited consolidated net tangible assets attributable to equity holders of the Company of approximately HK\$245.0 million as at 30 June 2011 as set out in Appendix II to this prospectus and 306,700,000 Shares in issue as at the Latest Practicable Date); and
- (vi) a discount of approximately 11.4% to the closing price of HK\$0.44 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the underlying value of the Company, the recent market prices of the Shares and the market conditions. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date. The Directors consider the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* with the then existing Shares in issue on the date of allotment and issue of the Rights Shares in all respects. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made, or paid after the date of allotment and issue of the Rights Shares.

### **Rights of the Excluded Shareholders**

This prospectus has not been registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda. There were four Overseas Shareholders on the Record Date with registered address located in the United States of America and the PRC. The Directors have made enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory bodies or stock exchanges. Having made enquiries regarding the legal restrictions under the laws of the PRC and the United States of America and the requirements of the relevant regulatory bodies or stock exchanges, the Directors are of the view that it is necessary and expedient to exclude the Overseas Shareholders in the United States of America and such Overseas Shareholders will be regarded as Excluded Shareholders pursuant to Rule 13.36(2)(a) of the Listing Rules as the offering of the Rights Shares to these Overseas Shareholders would, or might, in the absence of compliance with registration or other special formalities, be unlawful or impracticable and the cost to be incurred would outweigh the possible benefits to the relevant

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## LETTER FROM THE BOARD

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Overseas Shareholders and the Company, if the Rights Shares are to be offered in these jurisdictions. Having made enquiries regarding the legal restrictions under PRC laws and the requirements of the relevant regulatory body or stock exchanges, the Directors have been advised by its legal advisers that there are no specific legal restrictions and/or regulatory requirements applicable in the PRC in terms of offering the Rights Shares with respect to the Rights Issue to the Overseas Shareholders whose registered addresses are in the PRC. In view of this, the Directors have decided to extend the Rights Issue to the Overseas Shareholders whose registered addresses are in the PRC. Accordingly, such Overseas Shareholders together with the Shareholders with registered addresses in Hong Kong are Qualifying Shareholders. The Company has sent a copy of this prospectus to each of the Excluded Shareholders for information only, but not PAL or EAF.

No action has been taken to permit the offering of the Rights Shares, or the distribution of this prospectus or any of the PAL or EAF, in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving a copy of this prospectus or any of the PAL or EAF in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares or the excess Rights Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements.

It is the responsibility of any person (including but without limitation to nominee, agent and trustee) receiving a copy of this prospectus or any of the PAL or EAF outside Hong Kong and wishing to take up the Rights Shares or make an application for the excess Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. The Company will not be responsible for verifying the legal qualification of such Overseas Shareholders and/or residents in such territory or jurisdiction, thus, should the Company suffer any losses or damages due to non-compliance with the relevant laws of such territory or jurisdiction by any such Overseas Shareholders and/or residents, the Overseas Shareholders and/or residents shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the nil-paid Rights Shares or fully-paid Rights Shares to any such Overseas Shareholders and/or residents, if at the Company's absolute discretion issuing the nil-paid Rights Shares or fully-paid Rights Shares to them does not comply with the relevant laws of such territory or jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional advisers.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of HK\$100 or more will be paid pro rata (but rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars by ordinary post at their own risk to their registered addresses. The Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold Rights Shares to which the Excluded Shareholders would otherwise have been entitled will be available for applications for the excess Rights Shares.

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## LETTER FROM THE BOARD

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### **Fractional entitlement to the Rights Shares**

The Company has not provisionally allotted fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold in the market, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any unsold fractions of the Rights Shares will be available for applications for the excess Rights Shares.

### **Procedure for acceptance and payment or transfer**

For each Qualifying Shareholder, a PAL is enclosed with this prospectus which entitles Qualifying Shareholders to subscribe for the number of the Rights Shares shown therein. If Qualifying Shareholders wish to exercise their rights to subscribe for all the Rights Shares specified in the enclosed PALs, Qualifying Shareholders must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by not later than 4:00 p.m. on Thursday, 17 November 2011. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**Sino Golf Holdings Limited – Rights Issue Account**" and crossed "**Account Payee Only**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by not later than 4:00 p.m. on Thursday, 17 November 2011, whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders.

If Qualifying Shareholders wish to accept only part of their provisional allotment, to transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them or to transfer their rights to more than one person, the entire original PALs must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Wednesday, 9 November 2011 to the Registrar which will cancel the original PALs and issue new PALs in the denominations required. The new PALs will be available for collection at the office of the Registrar during normal business hours after 9:00 a.m. on the second Business Day after the surrender of the original PALs. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of the rights to subscribe for the Rights Shares.

The PAL contains the full information regarding the procedure to be followed if Qualifying Shareholders wish to accept only part of their provisional allotment or if they wish to renounce all or part of their provisional allotment.

All cheques and banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies, if any, will be retained for the benefit of the Company. Completion and return of the PAL together with a cheque or banker's cashier order in payment for the Rights Shares accepted will constitute a warranty by the applicant that the cheque or banker's cashier

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## LETTER FROM THE BOARD

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order will be honoured on first presentation. If any cheque or banker's cashier order is dishonoured on first presentation, the PAL is liable to be rejected, and in that event the provisional allotment and all rights given pursuant to it will be deemed to have been declined and will be cancelled. No receipt will be issued in respect of any application received.

If the conditions of the Rights Issue are not fulfilled by the Latest Termination Time, the Rights Issue will not proceed and the application monies, without interest, will be returned to the applicants by means of cheques crossed "**Account Payee Only**" to be despatched by ordinary post to their registered addresses and, in the case of joint applicants, to the registered address of the applicant whose name first appears on the register of members of the Company or the transfer form at the risk of such applicants on or before Wednesday, 23 November 2011.

### **Application for the excess Rights Shares**

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders (if any), any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of the Rights Shares where they appear to the Directors that such applications are made to top up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and
- (2) subject to availability of the excess Rights Shares after allocation under principle (1) above, any further remaining excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for the excess Rights Shares based on a pro-rata basis based on the number of the excess Rights Shares applied by them, with board lots allocation to be made on a best effort basis.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders whose Shares are registered in the name of a nominee company should note that the aforesaid arrangement in relation to the top-up of odd-lots for allocation of the excess Rights Shares will not be extended to ultimate beneficial owners individually.

Application for the excess Rights Shares may be made by completing and signing the enclosed EAF in accordance with the instructions printed thereon and lodging it, together with a separate remittance for the full amount payable on application in respect of the excess Rights Shares applied for, with the Registrar by not later than 4:00 p.m. on Thursday, 17 November 2011. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**Sino Golf Holdings Limited – Excess Rights Issue Account**" and crossed "**Account Payee Only**".



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## LETTER FROM THE BOARD

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If no excess Rights Shares are allotted to the Qualifying Shareholders, the amount tendered on application is expected to be returned to such Qualifying Shareholders in full by ordinary post at their own risk to their registered addresses on or before Wednesday, 23 November 2011. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application money is also expected to be returned to them by ordinary post at their own risk to their registered addresses on or before Wednesday, 23 November 2011. All cheques or banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies, if any, will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or banker's cashier order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. If the cheque or banker's cashier order is dishonoured on first presentation, the application for the excess Rights Shares is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or banker's cashier orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar.

If the conditions of the Rights Issue are not fulfilled by the Latest Termination Time, the Rights Issue will not proceed and the monies received in respect of application for the excess Rights Shares without interest will be returned to the applicants by means of cheques crossed "**Account Payee Only**" to be despatched by ordinary post to their registered addresses and, in the case of joint applicants, to the registered address of the applicant whose name first appears on the register of members of the Company at the risk of such applicants on or before Wednesday, 23 November 2011.

### **Application for listings**

The Company has applied to the Listing Committee for the listings of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the equity or debt securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

The primary listing of the Shares is on the Stock Exchange. Subject to the granting of the listings of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 2,000 Shares) which are registered in Hong Kong will be subject to the payment of stamp duty and other applicable fees in Hong Kong.

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## LETTER FROM THE BOARD

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### **Share certificates and refund cheques for the Rights Shares**

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares and refund cheques in respect of wholly or partly unsuccessful applications for the excess Rights Shares (if any) are expected to be posted to those entitled thereto by Wednesday, 23 November 2011 by ordinary post at their own risk. One share certificate will be issued for all the fully paid Rights Shares allotted to an applicant.

### **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealings in the Rights Shares in both their nil-paid and fully-paid forms and, as regards the Excluded Shareholders (if any), their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the following being fulfilled on or before 4:00 p.m. on Monday 21 November 2011, the second Business Day following the Acceptance Date:

- (i) the passing of all necessary resolution(s) by the Board approving the Rights Issue and the transactions contemplated hereunder by no later than the Despatch Date;
- (ii) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Rights Issue Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Despatch Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (iii) the filing of one copy of this prospectus signed by one Director (for and on behalf of all Directors) with the Registrar of Companies in Bermuda prior to or as soon as reasonably practicable after publication of this prospectus;
- (iv) the posting of the Rights Issue Documents to the Qualifying Shareholders on the Despatch Date;
- (v) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Despatch Date;

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## LETTER FROM THE BOARD

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- (vi) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (vii) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (viii) compliance with and performance of all undertakings and obligations of CM Investment and Mr. Chu under the Irrevocable Undertaking;
- (ix) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares; and
- (x) there being no Specified Event occurring prior to the Latest Termination Time.

The Rights Issue is not subject to the approval of the Shareholders. The conditions set out above are incapable of being waived. If the above conditions are not satisfied by the Latest Termination Time, or where appropriate, the times stipulated in the above conditions, or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (save in respect of certain provisions thereunder and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise. As at the Latest Practicable Date, condition numbered (i) above had been fulfilled.

### UNDERWRITING ARRANGEMENTS FOR THE RIGHTS ISSUE

#### Underwriting Agreement

Date	:	21 October 2011
Parties	:	(i) The Company (as issuer); and (ii) The Underwriter (as underwriter).
Number of the Underwritten Rights Shares	:	66,414,982 Rights Shares, being the total number of the Rights Shares under the Rights Issue excluding 86,935,018 Rights Shares undertaken to be subscribed by CM Investment and Mr. Chu pursuant to the Irrevocable Undertaking.
Underwriting commission	:	The Underwriter will not charge commission in respect of the Underwritten Rights Shares for which the Underwriter has agreed to subscribe or procure subscription.
Subscription Price	:	HK\$0.39 per Rights Share

The Underwriter has sole obligation under the Underwriting Agreement. It is not in the ordinary and usual course of business for the Underwriter to underwrite issues of securities.

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## LETTER FROM THE BOARD

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### Irrevocable Undertaking from CM Investment and Mr. Chu

Each of CM Investment and Mr. Chu has given the Irrevocable Undertaking to the Company and the Underwriter on 21 October 2011:

- (i) not to dispose of, or agree to dispose of, any Shares held by each of them from the date of the Irrevocable Undertaking to the close of business on the Record Date;
- (ii) to subscribe for the Rights Shares which each of them is entitled under the terms of the Rights Issue (i.e. 85,771,887 and 1,163,131 Rights Shares to which CM Investment and Mr. Chu is each entitled under the terms of the Rights Issue); and
- (iii) to lodge acceptances in respect of the aforesaid Rights Shares with the Registrar with payment in full by no later than 4:00 p.m. on the Acceptance Date.

### Underwriting commitment of the Underwriter

The Rights Issue will be fully underwritten by the Underwriter other than the Rights Shares undertaken to be taken up by CM Investment and Mr. Chu pursuant to the Irrevocable Undertaking.

### SHAREHOLDING STRUCTURE

Set out below is the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue:

Shareholder	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming nil acceptance by other Shareholders other than CM Investment, Mr. Chu and the Underwriter)		Immediately after completion of the Rights Issue (assuming 100% acceptance by the Shareholders)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
CM Investment	171,543,775	55.9	257,315,662	55.9	257,315,662	55.9
Mr. Chu	2,326,263	0.8	3,489,394	0.8	3,489,394	0.8
Mr. Simon Chu	636,237	0.2	636,237	0.1	954,355	0.2
Ms. Hung Tze Nga Cathy (Note)	100,000	0.0	100,000	0.0	150,000	0.0
The Underwriter	–	–	66,414,982	14.4	–	–
Public Shareholders	132,093,725	43.1	132,093,725	28.8	198,140,589	43.1
<b>Total</b>	<b>306,700,000</b>	<b>100.0</b>	<b>460,050,000</b>	<b>100.0</b>	<b>460,050,000</b>	<b>100.0</b>

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## LETTER FROM THE BOARD

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*Note:*

Ms. Hung Tze Nga Cathy is the spouse of Mr. Chu. The Company wishes to clarify that, while in the shareholding table of the Announcement the interests in the Company held by Ms. Hung has been grouped under the interests of the public Shareholders. Ms. Hung, by way of being the spouse of Mr. Chu, is a connected person of the Company and therefore her interests in the Company has been more appropriately disclosed as one of the connected persons' interests in the Company in the shareholding table above.

### REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The gross proceeds from the Rights Issue are expected to be approximately HK\$59.8 million before expenses. The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$58.5 million. The net subscription price per Rights Share is expected to be approximately HK\$0.38.

As stated in the published interim report of the Company for the six months ended 30 June 2011 (the “**2011 Interim Report**”), with the volatile global economy and a contraction in the market demand, the Group has recorded a downturn in revenues and profits during the first half of 2011 compared to the corresponding period in 2010. It is further stated that, in addition to the internally generated cash flows and banking facilities, the Group further procured funds from its ultimate holding company to strengthen its financial position and reduce the reliance on bank borrowings in order for the Group to effectively combat the challenges and needs that might arise during a period of economic turbulence while emphasising it is crucial that the Group maintains a strong financial position to bridge the intervening period and secure adequate funds for its operations and discharging the liabilities as they fall due. Against this background, the Directors consider that it is in the interests of the Group and the Shareholders as a whole to strengthen the financial position of the Group, to reduce its debt-to-equity ratio and to enlarge its capital base by way of the Rights Issue, which will also enable all Shareholders (other than the Excluded Shareholders) the opportunity to participate and maintain their respective pro-rata shareholding interests in the Company. To the best knowledge of the Directors having made reasonable enquiries, it has been the intention of the ultimate holding company to provide interim financial support to the Group by way of loan financing as a temporary measure to enable the Company to make necessary and appropriate formal financing arrangement. The loan due to the ultimate holding company is unsecured and non-interest bearing and the ultimate holding company has an unconditional right to demand repayment at any time. In order to better facilitate financial management, the net proceeds of the Rights Issue is intended to be applied by the Company towards the repayment of the loan due to the ultimate holding company, which is expected to alleviate the Group from over-reliance of loan financing from its ultimate holding company. To the best knowledge of the Directors having made reasonable enquiries, the ultimate holding company intends to continue to provide further financial support to the Group as and when it is considered necessary.

When considering the Rights Issue, Shareholders' attention is drawn to the announcements of the Company dated 22 June 2011, 22 July 2011, 18 August 2011 and 7 September 2011 in relation to the possible change in control of the Company and the termination of the negotiation in respect of the share transfer and the possible offer. As advised by CM Investment and Mr. Chu, there are no negotiations relating to the disposal of their shareholding in the Company which is discloseable under the Listing Rules and the Takeovers Code as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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As (i) the Rights Issue will strengthen the financial position of the Group and the net proceeds from the Rights Issue will be used to repay the loan due to the ultimate holding company which is repayable on demand; (ii) the Subscription Price represented a discount to the closing price of the Shares on the day preceding the date of the Announcement; (iii) no commission is payable to the Underwriter under the Underwriting Agreement; (iv) the working capital and the gearing ratio of the Group are expected to improve immediately upon completion of the Rights Issue; and (v) each Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company, the Directors consider that the terms and conditions of the Rights Issue to be fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### **FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS**

The Company had not conducted any equity fund raising exercise in the 12 months immediately preceding the Latest Practicable Date.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**The Shares have been dealt in on an ex-rights basis since Friday, 28 October 2011. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 7 November 2011 to Monday, 14 November 2011 (both days inclusive). If the conditions of the Rights Issue are not fulfilled on or before 4:00 p.m. on Monday, 21 November 2011 (or such later time and/or date as the Company and the Underwriter may determine in writing), or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed and the Rights Issue will lapse.**

Any persons dealing in Shares from the date of this prospectus up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between Monday, 7 November 2011 and Monday, 14 November 2011 (both days inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealing in the Shares or the nil-paid Rights Shares are recommended to consult their own professional advisers.

### **ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information set out in the appendices to this prospectus.

Yours faithfully,  
for and on behalf of the Board of  
**Sino Golf Holdings Limited**  
**Chu Chun Man, Augustine**  
*Chairman*

**1. SHARE CAPITAL**

The authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately after completion of the Rights Issue will be, as follow:

HK\$

*Authorised:*

<u>1,000,000,000</u>	Shares	<u>100,000,000</u>
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*Issued and to be issued, fully paid or credited as fully paid:*

306,700,000	Shares in issue as at the Latest Practicable Date	30,670,000
<u>153,350,000</u>	Rights Shares to be issued	<u>15,335,000</u>
<u>460,050,000</u>	Shares	<u>46,005,000</u>

All the existing issued Shares rank pari passu in all respects including all rights as to dividends, distribution, voting and capital.

As at the Latest Practicable Date, the Company had no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

As at the Latest Practicable Date, the Company or any member of the Group does not have any of its capital which is under option, or agreed conditionally or unconditionally to be put under option.

The Company had issued a total of 4,500,000 Shares since 31 December 2010 up to the Latest Practicable Date pursuant to the exercise of the share options under the share option scheme of the Company adopted on 7 August 2002. Save as aforesaid, there had been no alteration in the number of Shares issued since 31 December 2010, the day on which the latest published audited financial statements of the Company were made up, up to the Latest Practicable Date.

**2. THREE-YEAR FINANCIAL INFORMATION**

Financial information with respect to the profits and losses, financial record and position, as set out in the published audited financial statements (in the case of the 2011 Interim Report, the unaudited condensed interim financial statements) together with the notes thereto of the Company for each of the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011 are disclosed on pages 53 to 107 of 2008 annual report, pages 49 to 109 of 2009 annual report and pages 47 to 103 of 2010 annual report of the Company and pages 5 to 21 of the 2011 Interim Report respectively, which are published on both the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.sinogolf.com](http://www.sinogolf.com)).

### 3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into consideration the financial resources available to the Group including internally generated funds, the existing available banking facilities and the estimated net proceeds from the Rights Issue (if the Rights Issue becomes unconditional), the Group will have sufficient working capital for at least twelve months from the date of this prospectus.

### 4. INDEBTEDNESS

At the close of business on 30 September 2011, being the latest practicable date for the purpose of ascertaining information in the indebtedness statement prior to the printing of this prospectus, the Group had secured bank borrowings of approximately HK\$78,882,000; unsecured bank borrowings of approximately HK\$58,867,000; loan from ultimate holding company of approximately HK\$77,990,000 which is unsecured, non-interest bearing and repayable on demand; loan from immediate holding company of approximately HK\$23,349,000 which is unsecured, non-interest bearing and repayable on 31 March 2013; and amounts due to minority shareholders of approximately HK\$462,000 which is unsecured, non-interest bearing and repayable on demand.

#### **Securities and guarantees**

At the close of business on 30 September 2011, the Group's bank borrowings of approximately HK\$78,882,000 was secured by the Group's land and buildings with carrying amount of approximately HK\$166,904,000 and a deposit of approximately HK\$59,000. The Group had unutilised banking facilities including the export factoring facilities as at 30 September 2011 of approximately HK\$254,741,000.

#### **Commitments**

At the close of business on 30 September 2011, the Group had capital commitments contracted but not provide for the acquisition of (i) leasehold improvement of approximately HK\$1,055,000 and (ii) plant and machinery of approximately HK\$987,000.

#### **Contingent liabilities**

On 18 April 2011, an action was commenced by a former consultant against a subsidiary of the Company (the "Subsidiary") for approximately HK\$1,546,000 which the Subsidiary is allegedly in default of payment to the former consultant pursuant to a consulting agreement together with interests thereon and costs. Defence to the aforesaid claim has been filed by the Subsidiary to the court. The Directors have consulted their legal advisers and believe that they have a strong case for defence.



Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the Group did not have outstanding at the close of business on 30 September 2011 any bank overdrafts, loans, debt securities, borrowing or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, guarantees or other material contingent liabilities.

#### **5. MATERIAL ADVERSE CHANGE**

Save for the downturn in the Group's revenues and profits during the first half of 2011, as disclosed in the 2011 Interim Report, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Company were made up.

#### **6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

Impacted by a fluctuating economy following the incident of the Japan earthquake, the Group has suffered a curtailment in both the business volume and profitability during the first half of 2011. The golf equipment sales diminished substantially while the golf bag segment was able to demonstrate further growth during the period despite a harsh business environment. To effectively combat the challenges, the Group has reinforced the implementation of the reengineering programs to enhance productivity and rationalise costs. In addition, the Group continued to relocate more production volume to the Shandong manufacturing facility to take advantage of the cost differentiation that helps to partly recoup the margins foregone with the declining sales.

Supported by the Group's strong customer network and enhanced manufacturing capabilities, the management of the Group is cautiously confident to maintain a positive view that the golf equipment business and the golf bag business shall continue to develop and perform reasonably facing the various challenges and economic uncertainties. Besides, the business potential with the first-tier customers remains promising and it is anticipated that additional top-tier name brands may further be picked up to broaden the Group's customer base given its competitive advantage and determination for success.

To facilitate the long-term development, the Group has been looking into the opportunity to participate in producing certain tools products that employ the same casting technology as what the Group has been applying for the production of golf heads generally. This could be a diversification option that fits basically into the Group's current equipment and machinery set-up and offers a more effective utilisation of the available resources to generate revenue. The Group is making contact with the relevant party to liaise for potential business and is technically capable and well equipped to pick up such new opportunity. The Group is devoted to keeping constant awareness of the market changes and developments to ensure an efficient response in capturing opportunities as well as managing challenges.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

### 1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared by the Directors in accordance with paragraph 29 of Chapter 4 of the Listing Rules to illustrate the effect of the proposed Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 30 June 2011.

The unaudited pro forma financial information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Rights Issue as at the date to which it is made up or at any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the unaudited consolidated net tangible assets of the Group as at 30 June 2011 after incorporating the unaudited pro forma adjustments described in the accompanying notes:

	<b>At 30 June 2011 HK\$'000 (Note 1)</b>	<b>Estimated net proceeds from the Rights Issue HK\$'000 (Note 4)</b>	<b>Pro forma HK\$'000</b>
Net tangible assets	<u>244,970</u>	<u>58,507</u>	<u>303,477</u>
Number of Shares issued ('000)	<u>306,700</u>	<u>153,350</u>	<u>460,050</u>
Unaudited pro forma adjusted consolidated net tangible assets per Share prior to completion of the Rights Issue (Note 5)	<u>HK\$0.80</u>		
Unaudited pro forma adjusted consolidated net tangible assets per Share after completion of the Rights Issue (Note 6)			<u>HK\$0.66</u>

*Notes:*

1. The unaudited consolidated net tangible assets of the Group as at 30 June 2011 is calculated as follows:

	<i>HK\$'000</i>
Unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2011 ( <i>Note 2</i> )	265,355
Less: goodwill ( <i>Note 3</i> )	<u>(20,385)</u>
Unaudited consolidated net tangible assets of the Group as at 30 June 2011	<u><u>244,970</u></u>

2. The unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2011 is extracted from the 2011 Interim Report.
3. The adjustment represents the deduction of the Group's goodwill of approximately HK\$20,385,000 as extracted from the 2011 Interim Report.
4. The estimated net proceeds from the Rights Issue of approximately HK\$58,507,000 are based on the gross proceeds of approximately HK\$59,807,000 from the issue of 153,350,000 Rights Shares (on the basis of one Rights Share for every two existing Shares held on the Record Date) at a subscription price of HK\$0.39 per Rights Share after deduction of the related expenses of approximately HK\$1,300,000. Based on the management's best estimation, the related expenses include, among others, financial, legal and other professional advisory fees, printing and translation and application for listing of the Rights Shares expenses, which are directly attributable to Rights Issue and will be subject to further changes upon completion of the Rights Issue.
5. The calculation of unaudited pro forma adjusted consolidated net tangible assets per Share prior to completion of the Rights Issue is based on 306,700,000 Shares in issue as at the Latest Practicable Date.
6. The calculation of unaudited pro forma adjusted consolidated net tangible assets per Share after completion of the Rights Issue is based on 460,050,000 Shares comprising 306,700,000 Shares in issue as at the Latest Practicable Date and 153,350,000 Rights Shares to be issued.

**2. REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following is the full text of a report received from the reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, for the purpose of incorporation in this prospectus:



SHINEWING (HK) CPA Limited  
43/F., The Lee Gardens  
33 Hysan Avenue  
Causeway Bay, Hong Kong

3 November 2011

The Board of Directors  
Sino Golf Holdings Limited  
Rm 1901, 19/F., Delta House  
3 On Yiu Street, Shatin  
New Territories  
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Sino Golf Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) (the “Unaudited Pro Forma Financial Information”) set out on pages II-1 and II-2 in Appendix II of the prospectus dated 3 November 2011 issued by the Company (the “Prospectus”) in connection with the proposed rights issue on the basis of one rights share for every two existing shares (the “Rights Issue”), which has been prepared by the directors of the Company (the “Directors”), for illustrative purpose only, to provide information about how the Rights Issue might have affected the unaudited consolidated net tangible assets of the Group if the Rights Issue had been completed as at 30 June 2011. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in page II-1 of Appendix II of the Prospectus.

**Respective responsibilities of Directors and reporting accountants**

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of opinion**

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review performed in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagement issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2011 or any future date.

**Opinion**

In our opinion:

- a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

**SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

**Lo Wa Kei**

Practising Certificate Number: P03427

Hong Kong

## 1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

## 2. DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

**Mr. CHU Chun Man, Augustine**, aged 54, is the chairman of the Company and a founder of the Group and is responsible for the strategic planning, corporate policy and overall management and marketing aspect of the Group. Mr. Chu holds a bachelor degree in commerce from the University of Calgary, Alberta, Canada and an executive master of business administration from the Chinese University of Hong Kong. He has over 27 years of experience in golf equipment manufacturing industry. He also serves various positions in the public sector including a membership of The Chinese People's Political Consultative Conference (CPPCC) – the Guangdong Province. Save as disclosed above, he had not held any directorship in other publicly listed companies whether in Hong Kong or overseas in the past three year preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Chu was interested in 173,970,038 Shares within the meaning of Part XV of the SFO of which as to 2,326,263 Shares are held in his personal name and as to 171,543,775 Shares are held by CM Investment, the controlling shareholder of the Company which is controlled by Mr. Chu and as to 100,000 Shares are held by Ms. Hung Tze Nga Cathy, the spouse of Mr. Chu. His business address is at Room 1901, 19th Floor, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

**Mr. CHU Yuk Man, Simon**, aged 55, is the elder brother of Mr. Chu. Mr. Simon Chu has over 13 years of experience in the golf equipment manufacturing industry. Mr. Simon Chu is responsible for the sales and marketing functions as well as the customer relation functions of the Group. Mr. Simon Chu graduated with a bachelor degree in science in the Leland Stanford Junior University in the United States of America and an executive master degree in business administration from the Chinese University of Hong Kong. Prior to joining the Group in November 1997, Mr. Simon Chu held an Asia Pacific director position with an international firm which is listed on NASDAQ in the United States of America. Save as disclosed above, he had not held any directorship in other publicly listed companies whether in Hong Kong or overseas in the past three year preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Simon Chu was interested in 636,237 Shares within the meaning of Part XV of the SFO and these Shares are held in his personal name. His business address is at Room 1901, 19th Floor, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

**Mr. CHANG Hua Jung**, aged 49, graduated from an industrial institution in Taiwan. Mr. Chang has over 28 years of experience in the golf equipment manufacturing industry. He joined the Group in August 1988 and is responsible for the production and the research and development functions of the Group. Save as disclosed above, he had not held any directorship in other publicly listed companies whether in Hong Kong or overseas in the past three year preceding the Latest Practicable Date, had no relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company and did not have any interest in the Shares within the meaning of Part XV of the SFO as at Latest Practicable Date. His business address is at Room 1901, 19th Floor, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

#### **Independent non-executive Directors**

**Mr. CHOY Tak Ho**, aged 83, has over 48 years of experience in trading business in Hong Kong. He is the President of Union International (HK) Company Limited. Mr. Choy is the Charter President of Hong Kong Kwun Tong Industries and Commerce Association Limited, Chartered President of Hong Kong and Overseas Chinese Association of Commerce Ltd., Hon. Permanent President of Hong Kong Commerce Industrial Ltd., Hon. Life Chairman of Chinese General Chamber of Commerce, Hong Kong, Hon. President of the Chinese Manufacturers' Association of Hong Kong, Member of The National Committee 9th of the Chinese People's Political Consultative Conference, Executive Committee Member 8th of The All China Federation of Industrial and Commerce, Hon. Director of China Overseas Friendship Association. Mr. Choy is also an independent non-executive director of EVA Precision Industrial Holdings Limited (stock code: 838) and China Solar Energy Holdings Limited (stock code: 155). During the year of 2010, Mr. Choy resigned as an independent non-executive director of two listed companies, namely Multifield International Holdings Limited (stock code: 898) and Oriental Explorer Holdings Limited (stock code: 430). Save as disclosed above, he had not held any directorship in other publicly listed companies whether in Hong Kong or overseas in the past three year preceding the Latest Practicable Date, had no relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company and did not have any interest in the Shares within the meaning of Part XV of the SFO as at Latest Practicable Date. His business address is at Room 1901, 19th Floor, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.



**Ms. CHIU Lai Kuen, Susanna**, aged 51, is a director of Li & Fung Development (China) Ltd, responsible for China relations and business development. Ms. Chiu is a qualified Chartered Accountant from England, and holds an executive master of business administration from the Chinese University of Hong Kong. She is currently the Council Member and Vice President of the HK Institute of Certified Public Accountants and Past President of ISACA (HK Chapter). Ms. Chiu is appointed by the government to serve on the Antiquities Advisory Board and Equal Opportunities Commission. She is also a member of the Shannxi Committee of the Chinese People's Political Consultative Conference. Ms. Chiu is a member of the HK Institute of Directors. Ms. Chiu brings considerable experience in business operations, finance, internal control and corporate governance. During the year of 2010, Ms Chiu resigned from the Pan Pearl River Delta Panel of the Central Policy Unit. Save as disclosed above, she had not held any directorship in other publicly listed companies whether in Hong Kong or overseas in the past three year preceding the Latest Practicable Date, had no relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company and did not have any interest in the Shares within the meaning of Part XV of the SFO as at Latest Practicable Date. Her business address is at Room 1901, 19th Floor, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

**Mr. HSIEH Ying Min**, aged 55, is a Taiwanese. Mr. Hsieh has over 36 years of experience in golf manufacturing industry and possesses rich knowledge in the manufacturing processes of golf club as well as a considerable familiarity with the related market and materials. During the year of 2010, Mr. Hsieh resigned from the chairman of Approach Golf International Co., Ltd. Save as disclosed above, he had not held any directorship in other publicly listed companies whether in Hong Kong or overseas in the past three year preceding the Latest Practicable Date, had no relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company and did not have any interest in the Shares within the meaning of Part XV of the SFO as at Latest Practicable Date. His business address is at Room 1901, 19th Floor, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

### **Senior Management**

**Mr. CO Man Kwong**, aged 48, is the operations director and company secretary of the Company and is responsible for the financing activity, investors' relation, operations management and strategic planning of the Group. Mr. Co joined the Group in September 2002. Prior to that, he worked in an international accounting firm for over 6 years before joining the commercial field for more than 12 years. Mr. Co graduated from the Hong Kong Polytechnic University and is a fellow member of the Association of Chartered Certified Accountants, the United Kingdom, and HKICPA, respectively. His business address is at Room 1901, 19th Floor, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

**Ms. LEE May Yee**, aged 41, is the senior marketing manager of the Group. Ms. Lee has over 18 years of experience in the golf equipment manufacturing industry. She graduated with a bachelor degree in business administration from the University of Baptist. She joined the Group in December 1992 and is currently in charge of the marketing functions of the Group. Her business address is at Room 1901, 19th Floor, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

**Mr. HE Xin Hong**, aged 48, is the assistant general manager of the Group's production department. He joined the Group in December 1990 and is currently in charge of the overall production of a golf bag subsidiary. Mr. He has more than 20 years of experience in the golf manufacturing industry. His business address is at Room 1901, 19th Floor, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

**Mr. HUNG Yi Chuan**, aged 48, is the assistant general manager of the Group's production department. He joined the Group in February 2000 and is currently in-charge of the overall production of a golf equipment subsidiary. Mr. Hung has more than 23 years experience in golf manufacturing industry. His business address is at Room 1901, 19th Floor, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

### 3. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

<b>Registered office</b>	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Head office and principal place of business in Hong Kong</b>	Room 1901, 19/F., Delta House 3 On Yiu Street, Shatin New Territories Hong Kong
<b>Company secretary</b>	Mr. CO Man Kwong
<b>Authorised representatives</b>	Mr. CHU Chun Man, Augustine Mr. CHU Yuk Man, Simon
<b>Reporting accountants</b>	SHINEWING (HK) CPA Limited <i>Certified Public Accountants</i> 43/F., The Lee Gardens 33 Hysan Avenue Causeway Bay Hong Kong

**Legal advisers to the Company**

*As to Hong Kong law*  
Michael Li & Co.  
14/F., Printing House  
6 Duddell Street  
Central  
Hong Kong

*As to Bermuda law*  
Conyers Dill & Pearman  
2901 One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**Principal share registrar and transfer office in Bermuda**

Butterfield Fulcrum Group  
(Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM 08  
Bermuda

**Branch share registrar and transfer office in Hong Kong**

Tricor Tengis Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

**Principal bankers**

DBS Bank (Hong Kong) Limited  
99 Queen's Road  
Central  
Hong Kong

Standard Chartered Bank (Hong Kong) Limited  
Standard Chartered Bank Building  
4-4A Des Voeux Road  
Central  
Hong Kong

**Underwriter**

Fortune Belt Limited  
P.O. Box 957  
Offshore Incorporations Centre  
Road Town, Tortola  
British Virgin Islands

<b>Financial adviser to the Company</b>	Somerley Limited 10th Floor The Hong Kong Club Building 3A Chater Road Central Hong Kong
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#### 4. DISCLOSURE OF INTERESTS

##### Interests of the Directors

As at the Latest Practicable Date, the interests of the Directors in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange (except the changes arising as a result of the Underwriting Agreement) were as follows:

(i) *Long positions in Shares:*

Name of the Directors	Number of Shares				Approximate percentage of total interests in the Shares in issue
	Beneficial interests	Corporate interests	Family interests	Total interests	
Mr. Chu	2,326,263	171,543,775 (Note 1)	100,000 (Note 2)	173,970,038	56.7%
Mr. Simon Chu	636,237	–	–	636,237	0.2%

*Note:* 1. The corporate interests are held by CM Investment, which is beneficially owned as to approximately 67.5% by A&S, as to approximately 16.8% owned by Mr. Takanori Matsuura (deceased), as to approximately 9.5% by Ms. Takami Takako, as to approximately 4.2% by Mr. Chu, as to approximately 1.2% by Mr. Simon Chu and as to the balance of approximately 0.8% by Ms. Alice Tung, the mother of Mr. Chu and Mr. Simon Chu.

2. These 100,000 Shares are held by Ms. Hung Tze Nga Cathy, who is the spouse of Mr. Chu.

*(ii) Long positions in shares and underlying shares of associated corporations:*

Name of the Directors	Name of associated corporation	Relationship with the Company	Shares	Numbers of shares 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%
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%

In addition to the above, a Director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Group solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company had an interest in any Shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange (except the changes arising as a result of the Underwriting Agreement).

**Interests of the substantial shareholders**

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (except the changes arising as a result of the Underwriting Agreement) or, who was, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

*(i) Long position in Shares:*

Name of the Shareholder	Number of Shares				Approximate percentage of total interests in the Shares in issue
	Beneficial interests	Corporate interests	Family interests	Total interests	
CM Investment (Note 1)	171,543,775	-	-	171,543,775	55.9%
A&S (Note 2)	-	171,543,775	-	171,543,775	55.9%
Hung Tze Nga Cathy (Note 3)	100,000	-	173,870,038	173,970,038	56.7%

*Notes:*

1. CM Investment is a company incorporated in BVI with limited liability, which is beneficially owned as to approximately 67.5% by A&S, as to approximately 16.8% owned by Mr. Takanori Matsuura (deceased), as to approximately 9.5% by Ms. Takami Takako, as to approximately 4.2% by Mr. Chu, as to approximately 1.2% by Mr. Simon Chu and as to the balance of approximately 0.8% by Ms. Alice Tung, the mother of Mr. Chu and Mr. Simon Chu
2. A&S, as the beneficial owner of 67.5% of share capital of CM Investment, is deemed to be interested in the Shares held by CM Investment under Part XV of the SFO. A&S is beneficially owned as to 64% by Mr. Chu.
3. Ms. Hung Tze Nga Cathy is the spouse of Mr. Chu and is accordingly deemed to be interested in the Shares in which Mr. Chu is interested.

*(ii) Interest in other members of the Group (including jointly-controlled entities):*

Name of company	Name of substantial shareholder	Issued share capital held by substantial shareholder	Approximate percentage of shareholding interest
Sino Golf Sourcing Company Limited	Ms. Choi Ying, Kammy	400 shares	40%

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, no person (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying shares of the Company 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, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Save as disclosed above in the sectioned headed “Interests of the Directors”, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or proposed Director is a director or employee of a company which had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### **5. DIRECTORS’ INTERESTS IN CONTRACT OR ARRANGEMENT**

The Group has paid rental expenses of approximately HK\$420,000 and HK\$300,000 to Proggolf Manufacturing Company Limited (“Proggolf”) and Yuru Holdings Limited (“Yuru Holdings”) for the six months ended 30 June 2011. Mr. Chu has beneficial interests in Proggolf and Mr. Simon Chu has beneficial interests in Yuru Holdings.

Save as disclosed above, none of the Directors has any interests in contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole.

#### **6. DIRECTORS’ INTERESTS IN ASSETS**

None of the Directors has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Company were made up.

#### **7. DIRECTORS’ SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has entered into or has proposed to enter into any service contract with any member of the Group, which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

#### **8. MATERIAL CONTRACT(S)**

The following contract(s) (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:

- (a) the agreement dated 17 February 2011 entered into between Sino Golf Manufacturing Company Limited, a wholly owned subsidiary of the Company, as vendor and 廈門市超宇環保科技有限公司 (Xiamen City Chaoyu Environmental Technology Company Limited) as purchaser in relation to the disposal of the entire paid up registered capital of 廈門順達隆高爾夫球製品有限公司 (Xiamen Sino Talent Golf Manufacturing Co., Ltd.) for a consideration of RMB18,000,000; and
- (b) the Underwriting Agreement.

## 9. LITIGATION

On 18 April 2011, an action was commenced by a former consultant against a subsidiary of the Company (the “Subsidiary”) for approximately HK\$1,546,000 which the Subsidiary is allegedly in default of payment to the former consultant pursuant to a consulting agreement together with interests thereon and costs. Defence to the aforesaid claim has been filed by the Subsidiary to the court. The Directors have consulted legal advisers and believe that they have a strong case for defence.

Save as disclosed above, neither the Company nor any of its subsidiaries is 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 against the Company or any of its subsidiaries.

## 10. QUALIFICATION OF THE EXPERT AND CONSENT

The qualification of the expert who has given opinions in this prospectus is as follow:

<b>Name</b>	<b>Qualification</b>
SHINEWING (HK) CPA Limited (“SHINEWING”)	Certified Public Accountants

As at the Latest Practicable Date, SHINEWING did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, SHINEWING did not have any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Company were made up.

SHINEWING has given and has not withdrawn its written consent to the issue of this prospectus with copy of its report and the references to its name included herein in the form and context in which they respectively appear.

## 11. LEGAL EFFECT

This prospectus, the PAL and the EAF, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

## 12. BINDING EFFECT

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.



**13. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES**

A copy of this prospectus, together with copies of the PAL and EAF and the written consent referred to in the paragraph headed “Qualification of the expert and consent” in this appendix, has been delivered to the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies Ordinance. A copy of this prospectus, together with copies of the PAL and EAF, will be filed with the Registrar of Companies in Bermuda in compliance with the Companies Act.

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at Room 1901, 19/F, Delta House 3, On Yiu Street, Shatin, New Territories, Hong Kong during normal business hours (Saturdays and public holidays excepted) from the date of this prospectus up to and including 17 November 2011:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2009 and 31 December 2010 and the 2011 Interim Report;
- (c) the accountants’ report on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this prospectus;
- (d) the material contract(s) referred to in the paragraph headed “Material contract(s)” in this appendix;
- (e) the written consent referred to in the paragraph headed “Qualification of the expert and consent” in this appendix;
- (f) the Companies Ordinance; and
- (g) the Companies Act.