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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)

**DISCLOSEABLE TRANSACTION:  
DISPOSAL OF ASSETS OF A SUBSIDIARY**

On 13 May 2013, the Vendor, an indirect wholly owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor agreed to transfer and the Purchaser agreed to acquire the Sale Capital, representing 100% equity interests of the Target Company after the Reorganisation for an aggregate consideration of RMB28,000,000 in cash.

As the relevant percentage ratios exceed 5% but below 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

The Board announces that on 13 May 2013, the Vendor, an indirect wholly owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor agreed to transfer and the Purchaser agreed to acquire the Sale Capital, representing 100% equity interests of the Target Company after the Reorganisation for an aggregate consideration of RMB28,000,000 in cash. Summary of the principal terms of the Agreement are set out below.

**THE AGREEMENT**

**Date:** 13 May 2013

**Parties:** (1) Vendor : Sino Golf Manufacturing Company Limited  
(2) Purchaser : 廣州市雄泰房地產開發有限公司 (Guangzhou City Xiongtai Property Development Company Limited<sup>#</sup>)

\* For identification purpose only

The Purchaser is a company established in the PRC principally engaged in property development. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

The Vendor is an investment holding and trading company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of the Company.

### **Assets to be disposed and the Reorganisation**

Pursuant to the Agreement, the Vendor has agreed to transfer and the Purchaser has agreed to acquire the Sale Capital, representing the entire equity interests of the Target Company after the Reorganisation.

Pursuant to the Reorganisation, Zengcheng Sino Golf shall be segregated into two companies in accordance with the PRC laws and regulations. One of the companies will maintain the name of Zengcheng Sino Golf and will continue to carry on its current business operations whilst the other company will be the Target Company. The Target Company shall have a registered capital of not more than RMB28,000,000.

During the segregation process, Zengcheng Sino Golf will transfer its liabilities of approximately RMB17,000,000, assets involving inventories with book value of approximately RMB17,000,000 and the land together with the factory thereon together with relevant ancillary facilities to the Target Company as its capital commitment. The land of Zengcheng Sino Golf is located in Zengcheng City, Guangdong Province, the PRC and has a gross area of approximately 31,397 square metres.

The parties to the Agreement agree that the Reorganisation shall be completed within seven (7) months from the date of payment of the Deposit (as defined below).

According to the financial statements of Zengcheng Sino Golf as adjusted to comply with the HKGAAPs, the book value of the land and factory as at 31 December 2012 was approximately HK\$31,855,000.

Each of the parties to the Agreement agree that Zengcheng Sino Golf and the Target Company shall apply to the relevant PRC local authorities for the change of land use in accordance with the relevant PRC laws and regulations. However, such approval from the PRC local authorities shall not affect the consummation of the Agreement.

## **Consideration**

The aggregate consideration for the Disposal is RMB28,000,000, of which shall be satisfied by the Purchaser in the following manner:

- (a) as to RMB5,000,000 has been received by the Vendor as deposit prior to the entering into of the Agreement and as to additional RMB3,000,000 shall be payable by the Purchaser to the Vendor in cash as additional deposit within five (5) working days from the date of the Agreement and those RMB8,000,000 shall be regarded as deposit for the purpose of the Agreement (the “**Deposit**”);
- (b) as to RMB15,000,000 shall be payable by the Purchaser to the Vendor in cash within thirty (30) working days from the date of completion of the segregation and the obtaining of the business license by the Target Company; and
- (c) as to RMB5,000,000 shall be payable by the Purchaser to the Vendor in cash after the date of issue of approval for the transfer of the Sale Capital by the PRC local authority but before the submission of the transfer documents by the Vendor for registration.

The consideration for the Disposal was arrived at after arm’s length negotiations between the parties to the Agreement after taking into consideration of various factors, in particular, the proposed registered capital of the Target Company of not more than RMB28,000,000 after the segregation as contemplated under the Reorganisation and the book value of the assets and liabilities to be transferred by Zengcheng Sino Golf to the Target Company during the Reorganisation.

The Directors consider the terms and conditions of the Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **Completion of transfer of the Sale Capital**

Completion of transfer of the Sale Capital shall be subject to completion of the Reorganisation and the registration of the transfer of the Sale Capital with the relevant PRC authority which shall take place within fourteen (14) months after the Reorganisation.

Upon completion of the transfer, the Target Company will cease to be an indirect wholly owned subsidiary of the Company and the Company will cease to have any interests in the Target Company.

## **Use of proceeds and expected financial effects of the Disposal**

The Board estimates that the net proceeds from the Disposal (after deduction of relevant costs and expenses) will amount to approximately RMB27,900,000 (equivalent to approximately HK\$34,875,000). It is intended that the net proceeds from the Disposal will be applied towards repayment of bank loans and general working capital of the Group.

Based on the audited accounts of the Group as at 31 December 2012 and the aforesaid net proceeds from the Disposal, it is expected that the Group will record a gain of approximately HK\$303,000 attributable to the Disposal for the financial year during which the Disposal is completed and an increase in the net assets of the Group by approximately HK\$303,000. In any event, the Board does not envisage that the Disposal will create any significant adverse impact on the Group's financial position.

## **INFORMATION ON THE TARGET COMPANY AND ZENGCHENG SINO GOLF**

Zengcheng Sino Golf is a company established in the PRC with registered and paid-up capital of HK\$111,700,000 and is wholly owned by the Vendor. Zengcheng Sino Golf is principally engaged in manufacturing and trading of golf equipment and accessories. According to the financial statements of Zengcheng Sino Golf as adjusted to comply with the HKGAAPs, the book value of the land and factory to be transferred to the Target Company as a result of the Reorganisation as at 31 December 2012 was approximately HK\$31,855,000.

The Target Company will be formed in accordance with the relevant PRC laws and regulations as a result of the segregation of Zengcheng Sino Golf as contemplated under the Reorganisation. The Target Company will have a registered capital of not more than RMB28,000,000. Upon its formation, the Target Company will be wholly owned by the Vendor.

As the Target Company has not been formed, there are no financial statements prepared for the Target Company yet. Based on the current book value of the assets and liabilities to be transferred to the Target Company, it is expected that the net asset value of the Target Company will be not more than RMB28,000,000 at the time of its formation.

## **REASONS FOR THE DISPOSAL**

The Group is principally engaged in manufacturing and trading of golf equipment, bags and other accessories.

With the establishment of other subsidiaries by the Group in the PRC, the operation level of Zengcheng Sino Golf has reduced and it is expected the daily operation originally taken by Zengcheng Sino Golf has been gradually taken up by other PRC subsidiaries of the Group.

In light of the reduction in operation level of Zengcheng Sino Golf, the Directors have considered various alternatives to streamline the operations of the Group and to reallocate resources of the Group. In this regard, the Directors consider that the Disposal represents a good opportunity to realize part of the investment of the Group in Zengcheng Sino Golf and the Reorganisation will assist the streamlining of the reduced business operations of Zengcheng Sino Golf. Further, the proceeds from the Disposal can further strengthen the cash flow of the Group and will allow the Group to reallocate its resources for future development.

After the Disposal, Zengcheng Sino Golf will continue its current business by renting an appropriate factory space with smaller area for its manufacturing operations and the Directors consider that the Disposal will not create any significant adverse impact on the Group.

Taking into consideration of the aforesaid, the Directors, including the independent non-executive Directors, consider that the terms and conditions of the Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

As the relevant percentage ratios exceed 5% but below 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Agreement”	the agreement dated 13 May 2013 and made between the Vendor and the Purchaser in relation to the transfer of the Sale Capital
“Company”	Sino Golf Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Capital of the Target Company by the Vendor pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	廣州市雄泰房地產開發有限公司 (Guangzhou City Xiongtai Property Development Company Limited <sup>#</sup> ), a company established in the PRC and the purchaser to the Agreement and an Independent Third Party
“Reorganisation”	the proposed reorganisation which involves the segregation of Zhencheng Sino Golf into two companies, one of which shall be the Target Company and the other one will continue to bear the name of Zhencheng Sino Golf
“Sale Capital”	the entire registered capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	the company to be formed as a result of the Reorganisation
“Vendor”	Sino Golf Manufacturing Company Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company
“Zengcheng Sino Golf”	增城市順龍高爾夫球製品有限公司 (Zengcheng Sino Golf Manufacturing Co. Ltd <sup>#</sup> ), a company established in the PRC and an indirect wholly owned subsidiary of the Company
“HKGAAPs”	Hong Kong Generally Accepted Accounting Principles
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent

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

Hong Kong, 13 May 2013

*As at the date hereof, the board of directors of the Company comprises 6 directors, of which 3 are Executive Directors, namely Mr. CHU Chun Man, Augustine; Mr. CHU Yuk Man, Simon and Mr. CHANG Hua Jung; and the rest of 3 are Independent Non-Executive Directors, namely Mr. CHOY Tak Ho; Ms. CHIU Lai Kuen, Susanna and Mr. HSIEH Ying Min.*

# *The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*