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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)

(1) PROPOSED SUBSCRIPTION OF SUBSCRIPTION SHARES AND CONVERTIBLE BONDS; (2) APPLICATION FOR WHITEWASH WAIVER; AND (3) RESUMPTION OF TRADING

Financial adviser to the Subscriber

Financial adviser to the Company



KINGSTON CORPORATE FINANCE LTD.

VEDA | CAPITAL
智略資本

THE SUBSCRIPTIONS

On 8 July 2016 (after trading hours of the Stock Exchange), the Company, the Subscriber and the Warrantors entered into the Subscription Agreement pursuant to which, the Company has conditionally agreed to allot and issue to the Subscriber and the Subscriber has conditionally agreed to subscribe for:

- (i) an aggregate of 2,861,000,000 Subscription Shares (representing approximately 122.25% of the issued share capital of the Company as at the date of this announcement and approximately 55.01% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares) at the Subscription Price of HK\$0.114 per Subscription Share; and
- (ii) Convertible Bonds in the aggregate principal amount of HK\$74,100,000, which entitle the Subscriber to subscribe for 650,000,000 Conversion Shares at the initial Conversion Price of HK\$0.114 per Conversion Share.

The Company will allot and issue the Subscription Shares and, upon conversion of the Convertible Bonds, the Conversion Shares under the Specific Mandate to be granted by the Independent Shareholders at the SGM by an ordinary resolution.

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber, its ultimate beneficial owner and the parties acting in concert with any of them did not hold, control or has directions over any Shares, convertible securities, options, warrants or derivatives in the Company. Upon the Subscription Completion and assuming that: (i) none of the Convertible Bonds are converted; and (ii) there is no other change in the issued share capital of the Company from the date of the Subscription Agreement and up to Subscription Completion, the Subscriber, its ultimate beneficial owner and the parties acting in concert with them will be interested in an aggregate of 2,861,000,000 Subscription Shares, representing approximately 55.01% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares.

Assuming the Convertible Bonds are converted in full at the initial Conversion Price of HK\$0.114 per Conversion Share and there is no other change in the issued share capital of the Company from the date of the Subscription Agreement and up to Subscription Completion, the Subscriber, its ultimate beneficial owner and the parties acting in concert with them will be interested in 3,511,000,000 Shares, comprising 2,861,000,000 Subscription Shares and 650,000,000 Conversion Shares, which in aggregate shall represent approximately 60.00% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares and the Conversion Shares.

Under Rule 26 of the Takeovers Code, the acquisition of voting rights from less than 30% to 30% or more will trigger an obligation on the Subscriber to make a general offer for all the securities of the Company other than those already owned or agreed to be acquired by the Concert Group, unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders at the SGM by way of poll.

The Subscriber will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver will be subject to, among other things, approval by the Independent Shareholders at the SGM by way of poll.

If the Whitewash Waiver is approved by the Independent Shareholders, the shareholding of the Subscriber and its parties in concert in the Company upon the issue of the Subscription Shares to the Subscriber will exceed 50%. The Subscriber may further increase its shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

The Executive may or may not grant the Whitewash Waiver. The Subscriptions contemplated under the Subscription Agreement will not proceed if the Whitewash Waiver is not obtained by the Subscriber.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Subscriptions and the Whitewash Waiver. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard and an announcement will be made upon its appointment.

Mr. Jiang and Surplus Excel, being the Warrantors, are involved in the Subscriptions and therefore, each of them and their respective associates and concert parties, will abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Subscriptions and the Whitewash Waiver.

A circular containing, among other things, (i) details of the Subscriptions and the Whitewash Waiver, (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders, (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscriptions and the Whitewash Waiver and (iv) the notice of the SGM and a form of proxy will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code.

The SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Subscription Agreement and the transactions contemplated thereunder; (ii) the allotment and issuance of the Subscription Shares and the Convertible Bonds in accordance with the Subscription Agreement; (iii) the Specific Mandate under which the Subscription Shares and, upon conversion of the Convertible Bonds, the Conversion Shares will be issued; (iv) the Whitewash Waiver; and (v) the election of the Subscriber's nominees as Directors, effective upon Subscription Completion.

The resolutions in relation to the Subscription Agreement and the Whitewash Waiver at the SGM will be voted on by the Independent Shareholders by way of poll.

Warnings: the Subscriptions are subject to the fulfilment or waiver (as the case may be) of a number of conditions, including but not limited to approval of the Subscriptions and the Whitewash Waiver by the Independent Shareholders at the SGM, and the granting of the Whitewash Waiver by the Executive. As such, the Subscriptions may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 11 July 2016 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 14 July 2016.

On 8 July 2016 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber and the Warrantors in relation to the subscription of the Subscription Shares and the Convertible Bonds. A summary of the principal terms of the Subscription Agreement is set out below.

THE SUBSCRIPTION AGREEMENT

Date: 8 July 2016

Parties

- Issuer : The Company
- The Subscriber : Wealth Sailor Limited (金航有限公司), a company incorporated in the British Virgin Islands with limited liability
- The Warrantors : Surplus Excel and Mr. Jiang

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

Mr. Huang, being the ultimate controlling shareholder of the Subscriber, and the Company started the preliminary discussion in relation to the Subscriptions in early June 2016, which is after the completion of the Saipan Acquisition.

The Subscriptions

The Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for:

- (i) an aggregate of 2,861,000,000 Subscription Shares at the Subscription Price of HK\$0.114 per Subscription Share; and
- (ii) Convertible Bonds in the aggregate principal amount of HK\$74,100,000, which entitle the Subscriber to subscribe for 650,000,000 Conversion Shares at the initial Conversion Price of HK\$0.114 per Conversion Share.

The Company will allot and issue the Subscription Shares and, upon conversion of the Convertible Bonds, the Conversion Shares under the Specific Mandate to be granted by the Independent Shareholders at the SGM by an ordinary resolution.

The aggregate amount of the consideration for the Subscription Shares and the Convertible Bonds are HK\$326,154,000 and HK\$74,100,000, respectively, which shall be payable by the Subscriber in cash upon Subscription Completion.

The Subscription Price and the initial Conversion Price, each being HK\$0.114, represent:

- (i) a discount of approximately 63.23% to the closing price of HK\$0.310 per Share as quoted on the Stock Exchange on 8 July 2016, being the Last Trading Day;
- (ii) a discount of approximately 59.86% to the average of the closing price per Share of approximately HK\$0.284 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 54.03% to the average of the closing price per Share of approximately HK\$0.248 for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a premium of approximately 54.05% over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$0.074 per Share as at 31 December 2015 (based on the number of issued Shares as at the date of this announcement); and
- (v) a premium of approximately 52.00% over the adjusted net asset value of the Company of approximately HK\$0.075 per Share as at 31 December 2015 (assuming the Saipan Acquisition has been completed on 31 December 2015 and based on the number of issued Shares as at the date of this announcement).

The Subscription Price and the Conversion Price were arrived at after arm's length negotiation between the Company and the Subscriber with reference to the recent closing prices of the Shares on the Stock Exchange, the audited consolidated net asset value of the Company as at 31 December 2015 and the adjusted net asset value of the Company as at 31 December 2015 (assuming the Saipan Acquisition has been completed on 31 December 2015).

The aggregate nominal value of the Subscription Shares is HK\$28,610,000, while assuming the Convertible Bonds are converted in full at the initial Conversion Price of HK\$0.114 per Conversion Share, a total of 650,000,000 Conversion Shares will be issued and the aggregate nominal value of the Conversion Shares shall be HK\$6,500,000.

Ranking of the Subscription Shares and the Conversion Shares

The Subscription Shares and the Conversion Shares, when allotted and issued, will rank pari passu in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue on the date of allotment and issue of the Subscription Shares and the Conversion Shares respectively.

Conditions of the Subscriptions

The Subscription Completion is conditional upon satisfaction (or waiver) of the following conditions precedent:

- (i) the warranties and the Warrantors' warranties under the Subscription Agreement remaining true and correct in all material respects at Subscription Completion;
- (ii) all necessary third party consents and approvals required to be obtained in respect of the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the Subscriptions, having been obtained;
- (iii) the passing by the Independent Shareholders at the SGM of necessary resolutions to approve the Subscription Agreement and the transactions contemplated thereunder, including among others, the allotment and issue of the Subscription Shares, the Convertible Bonds and the Conversion Shares falling to be issued upon conversion of the Convertible Bonds, the Whitewash Waiver and the election of the Subscriber's nominees as Directors, effective upon Subscription Completion;
- (iv) the Shares remaining listed on the Main Board of the Stock Exchange at all times from the date of the Subscription Agreement, save for any suspension in trading of not exceeding five consecutive trading days (except for any suspension for the purpose of clearing any announcement regarding the Subscriptions and the Subscription Agreement), or such longer period as the Subscriber may accept in writing;
- (v) the Stock Exchange having granted the listing of, and permission to deal in the Subscription Shares and the Conversion Shares and such approval not having been withdrawn or revoked;
- (vi) the Executive granting the Whitewash Waiver to the Subscriber and the satisfaction of any condition attached to the Whitewash Waiver being granted and not having been revoked or withdrawn;
- (vii) there having been no material breach of the pre-completion covenants contained in the Subscription Agreement; and

(viii) save as disclosed in the announcement of the Company dated 7 July 2016, there have been no material adverse effects occurred on the Group since 31 December 2015.

The third party consents and approvals as mentioned in condition (ii) above include such consent and/or approval by third party(ies) as required under any lease(s) entered into by the Group as a result of change of controlling shareholder of the Group or for conducting the transactions contemplated under the Subscription Agreement.

The Subscriber may at any time waive in whole or in part and conditionally or unconditionally the above conditions (i), (ii), (iv), (vii) and (viii) in writing to the Company. The condition as set out in (vi) is not waivable by either party. Hence, among other things, if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders at the SGM, the Subscriptions will not proceed.

In the event the above conditions not being fulfilled or (where applicable) waived by 12:00 noon on 30 September 2016 (or such other time and date as may be agreed by the Company and the Subscriber in writing), all rights, obligations and liabilities of the parties under the Subscription Agreement shall cease and terminate and neither party shall have any claim against the other, save for any antecedent breaches of the terms thereof.

Pre-completion Covenants

The Company and the Warrantors have given certain pre-completion undertakings and covenants regarding the Group which are customary to similar transactions to the Subscriber under the Subscription Agreement, including, among other things (i) to conduct the business of the Group in the ordinary and usual course of business; (ii) not to issue or agree to issue or allot any share or loan capital of members of the Group, or any options or securities which are convertible or exchangeable into share or loan capital of members of the Group; (iii) not to carry out any capitalisation issue or any other reorganisation of share capital of members of the Group; (iv) not to declare, authorise, make or pay any dividend or other distribution or reduce, purchase or redeem any part of the paid-up share capital of members of the Group; and (v) not to alter the composition of the board of directors of members of the Group unless pursuant to the Subscription Agreement (other than due to any resignation, death, illness or incapacitation of any individual), from the date of the Subscription Agreement up to Subscription Completion.

Completion of the Subscriptions

Subscription Completion shall take place at 4:00 p.m. on the fifth Business Day after the fulfillment of the conditions set out in the Subscription Agreement (or any other date as agreed by the Company and the Subscriber in writing).

Warrantors' Lock-up Undertaking

On 8 July 2016, the Warrantors executed a deed of undertaking (the "**Warrantors' Lock-up Undertaking**") in favour of the Subscriber pursuant to which each of Mr. Jiang and Surplus Excel has undertaken and covenanted with the Subscriber that, without the prior written consent of the Subscriber, they shall not, whether directly or indirectly, at any time during the period of twelve months commencing from the date of the Warrantors' Lock-up Undertaking:

- (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, whether directly or indirectly, any Shares held by Surplus Excel and Mr. Jiang; or

- (b) enter into any swap or other arrangement that would have (i) the same economic consequences as paragraph (a) above or (ii) the effect of transferring to another party of any of the economic benefits of ownership of the Shares held by Surplus Excel and Mr. Jiang.

Furthermore, Mr. Jiang has given a similar lock-up undertaking in respect of his holdings in Surplus Excel in favour of the Subscriber for a period of twelve months commencing from the date of the Warrantors' Lock-up Undertaking.

The purposes of the Warrantors' Lock-up Undertaking are to ensure that the Warrantors will have the necessary financial backing to satisfy any breach of the representations and warranties and pre-completion undertakings and covenants that they have given in favour of the Subscriber under the Subscription Agreement. If there is a termination of the Subscription Agreement, the Warrantors' Lock-up Undertaking shall automatically terminate and cease to have any binding effect on the Warrantors.

The Subscriber's Lock-up Undertaking

Pursuant to the Subscription Agreement, the Subscriber has undertaken to the Company that, without the prior consent of the Company, it shall not, whether directly or indirectly, in the period commencing on the Completion Date and ending on the date which is twelve (12) months from the Completion Date, sell or enter into agreement to sell any of the Subscription Shares which will result in the Subscriber ceasing to hold, whether directly or indirectly, 50% or more of the issued share capital of the Company.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

Principal terms of the Convertible Bonds

Principal amount:	HK\$74,100,000
Maturity date:	The fifth anniversary of the date of issue of the Convertible Bonds
Interest:	The Convertible Bonds will not bear any interest
Conversion rights:	The bondholders will have the right, during the period commencing from the date of issue of the Convertible Bonds up to the close of business in Hong Kong on the Maturity Date to convert all or part of the Convertible Bonds held by it (if in part, the principal amount of Convertible Bonds to be converted shall be in the minimum amount of HK\$100,000 and integral multiples of HK\$100,000 or the whole outstanding principal amount of the Convertible Bonds) into Conversion Shares at the Conversion Price (subject to adjustments).

No exercise of conversion rights attaching to the Convertible Bonds shall be allowed if the conversion would result in the Company breaching the minimum public float requirement under Rule 8.08 of the Listing Rules and such breach is not curable at the time of the conversion.

The Conversion Shares will in all respects rank pari passu with the Shares in issue on the relevant registration date.

Conversion Price: The initial Conversion Price shall be HK\$0.114 per Conversion Share subject to adjustment provisions as summarised below.

Anti-dilution adjustments: The Conversion Price will from time to time be adjusted upon the occurrence of certain events, including the following:

- (a) consolidation, sub-division or reclassification of the Shares;
- (b) capitalisation of profits or reserves;
- (c) capital distribution to the Shareholders;
- (d) issue of Shares to all or substantially all Shareholders as a class by way rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at a price per Share which is less than the higher of (i) 80% of the market price on the date of the announcement of the terms of the issue or grant and (ii) the Conversion Price then in effect on the date of the announcement of the terms of the issue or grant;
- (e) issue of any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares);
- (f) issue (other than as mentioned in paragraph (d) above) of any Shares (other than Shares issued on the exercise of conversion rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (other than as mentioned in paragraph (d) above) options, warrants or other rights to subscribe for, or purchase or otherwise acquire any Shares, in each case at a price per Share which is less than the higher of (i) 80% of the market price on the date of the announcement of the terms of the issue and (ii) the Conversion Price then in effect on the date of the announcement of the terms of the issue;

- (g) save in the case of an issue of securities arising from a conversion of exchange of other securities in accordance with the terms applicable to such securities themselves falling within this paragraph (g), the issue wholly for cash in paragraphs (d), (e) and (f) of any securities (other than the Convertible Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription at a consideration per Share which is less than the higher of (i) 80% of the market price on the date of the announcement of the terms of the issue of such securities and (ii) the Conversion Price in effect on the date of the announcement of the terms of the issue of such securities;
- (h) when the rights of conversion, exchange or subscription attached to any such securities as are mentioned in paragraph (g) above (other than in accordance with the terms of such securities) are modified so that the consideration per Share is less than the higher of (i) 80% of the market price on the date of the announcement of the proposals for such modification and (ii) the Conversion Price then in effect on the date of the announcement of the proposals for such modification;
- (i) if the Company or any bondholder determines that a downward adjustment should be made to the Conversion Price as a result of one (1) or more events or circumstances not referred to in paragraphs (a) to (h), the Company or such bondholder shall, at the costs and expenses of the Company, consult an independent bank of international repute (acting as an expert) to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, and the date on which such adjustment should take effect.

Transferability:

A Convertible Bond may be transferred to another person provided, however, that (a) where not all of the Convertible Bonds then held by the bondholder are being transferred, the aggregate principal amount of the Convertible Bonds so transferred shall be at least HK\$100,000 and integral multiples of HK\$100,000, and (b) if the transfer is not to a bank, financial institution or other financiers for financing purpose of the bondholder, the prior consent of the Company shall have been obtained (such consent not to be unreasonably withheld or delayed and shall be deemed to have been given unless the Company has expressly refused such consent within five (5) Business Days of the bondholder's request).

Events of default:

If any of the following events occurs, the Convertible Bonds shall on the giving of notice in writing by the bondholder to the Company become due and payable at the Early Redemption Amount (as defined hereinafter):

- (a) a default is made by the Company in the payment of any principal, premium or any other amount due in respect of the Convertible Bonds on its due date of payment (except where failure to pay is caused solely by administrative or technical error and payment is made within three (3) Business Days of its due date);
- (b) failure by the Company to deliver any Shares as and when such Shares are required to be delivered following conversion of a Convertible Bond and such failure continues for a period of seven (7) Business Days;
- (c) the occurrence of any event or circumstance which could reasonably likely to result in a material adverse effect to the business, operations, business results or financial condition or prospects of the Group taken as a whole;
- (d) the Company fails to perform or comply with one or more of its other obligations in the Convertible Bonds (other than those referred to in paragraphs (a) to (c) above), which default is incapable of remedy or, if capable of remedy, is not remedied within 7 days after written notice of such default shall have been given to the Company by a bondholder;
- (e) the Company is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or a substantial part of (or of a particular type of) its debts as they fall due, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of a substantial part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of such debts or a moratorium is agreed or declared in respect of or affecting all or a substantial part of (or of a particular type of) the debts of the Company; an administrator or liquidator of the Company, or the whole or any part of the assets and revenue of the Company is appointed and such appointment is not discharged or stayed within 60 days;

- (f) any Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or a substantial part of (or of a particular type of) its debts as they fall due, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of a substantial part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of such debts or a moratorium is agreed or declared in respect of or affecting all or a substantial part of (or of a particular type of) the debts of any Subsidiary; an administrator or liquidator of any Subsidiary or the whole or any part of the assets and revenue of any Subsidiary is appointed and such appointment is not discharged or stayed within 60 days (other than in respect of a solvent liquidation);
- (g) any judgment or order for the payment of money in excess of HK\$1,000,000 or the equivalent thereof (for each judgment or order) or HK\$10,000,000 or the equivalent thereof in the aggregate (for all such judgments or orders) shall be rendered against the Company and/or any Subsidiary and is not discharged for a period of 30 days following such judgment (or such longer period as the Company and the bondholders may agree) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (h) any judgment or order for the payment of money in excess of HK\$10,000,000 or the equivalent thereof (for each judgment or order) or HK\$20,000,000 or the equivalent thereof in the aggregate (for all such judgments or orders) shall be rendered against the Company and/or any Subsidiary;

- (i) (i) any other present or future indebtedness of the Company or any of its Subsidiaries for or in respect of monies borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period; or (iii) the Company or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this condition have occurred equals or exceeds HK\$100,000,000 or its equivalent (as determined on the basis of the middle spot rate for the relevant currency against the Hong Kong dollar as quoted by any leading bank on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity);
- (j) a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Company or any of its Subsidiaries, and is not discharged or stayed within 60 days;
- (k) an order is made or an effective resolution passed for the liquidation, winding up, dissolution, judicial management or administration of the Company or any of its Subsidiaries or the Company or any of its Subsidiaries ceases or threatens to cease to carry on all or a material part of its business;
- (l) an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of the whole or any material part of the property, assets or revenues of the Company or any of its Subsidiaries (as the case may be), and is not discharged within 60 days;
- (m) it is or will become unlawful for the Company to perform or comply with anyone or more of its obligations under the Convertible Bonds;

- (n) any step is taken by any person that could reasonably be expected to result in the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Company or any of its Subsidiaries;
- (o) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Convertible Bonds; (ii) to ensure that these obligations are legally binding and enforceable; and (iii) to make the Convertible Bonds admissible in evidence in the courts of Bermuda or Hong Kong is not taken, fulfilled or done; or
- (p) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing conditions.

Early Redemption Amount = outstanding principal amount of such Convertible Bond $\times (1.10)^N$ where:

N = a fraction the numerator of which is the number of calendar days between the date of issue of the Convertible Bonds and the date of redemption of such amount and the denominator of which is 365.

INFORMATION OF THE SUBSCRIBER

The Subscriber is an investment holding company incorporated in the British Virgin Islands. Mr. Huang is the sole ultimate beneficial shareholder and sole director of the Subscriber, indirectly holding 100% of the issued share capital of the Subscriber through his wholly-owned company, Prominent Victory Limited. The Subscriber, Prominent Victory Limited and Mr. Huang are Independent Third Parties. Immediately preceding Subscription Completion, none of the Subscriber, Prominent Victory Limited or Mr. Huang owns any Shares.

Mr. Huang is an experienced business entrepreneur and a professional investor who has invested in other Hong Kong listed companies. As of the date of this announcement, Mr. Huang is interested in (i) through his wholly-owned company, Gold Ocean Media Inc., approximately 6.63% of the issued share capital of Alibaba Pictures Group Limited (Stock Code: 1060); (ii) through his wholly-owned company, Gold Ocean Investments Group Inc., 26.79% of the issued share capital of Jade Passion Limited, which in turn is interested in approximately 55.97% of the issued share capital of Reorient Group Limited (Stock Code: 376); and (iii) 20.59% of the issued share capital of Jin Bao Bao Holdings Limited (Stock Code: 1239). Alibaba Pictures Group Limited, Reorient Group Limited and Jin Bao Bao Holdings Limited are companies listed on the Main Board of the Stock Exchange. Mr. Huang is the chairman of Damo Gold Ocean Group Limited (大漠金海集團有限公司), the chairman of Mongolian Desert Resources LLC. (蒙古大漠資源有限責任公司) and the chairman of Grand Asia Pacific Investment Holding Pte. Ltd. (新亞太投資控股公司).

FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP

Upon Subscription Completion, the Subscriber will become the controlling Shareholder (as defined under the Listing Rules) and the largest Shareholder of the Company. The Subscriber intends to continue the principal businesses of the Group and maintain the listing status of the Company on the Stock Exchange following Subscription Completion. Meanwhile, the Subscriber will conduct a review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business developments of the Group, and consider whether any asset disposal, asset acquisition, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Subject to the results of the review and should suitable investments or business opportunities arise, the Subscriber may consider expanding the business of the Group with the objectives to broaden its income sources and to achieve accretion in the return to the Shareholders. However, the Subscriber has not entered into any agreements or fixed any terms with the Group as at the date of this announcement in relation to any possible expansion or restructuring of the Group's businesses.

The Subscriber has no intention to make major changes to the continued employment of the employees of the Group. The Subscriber does not intend to introduce any major changes to the business of the Group or re-deploy or dispose of the assets or business of the Group after Subscription Completion other than in its ordinary and usual course of business. The Subscriber and the Company will comply with the relevant requirements under the Listing Rules and the Takeovers Code in the event any possible expansion or restructuring of the Group's business operations materialises after Subscription Completion.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

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

The gross proceeds from the Subscriptions would amount to approximately HK\$400,254,000. The net proceeds, after taking into account the estimated expenses in relation to the Subscriptions, are estimated to be approximately HK\$397,254,000, representing a net issue price of approximately HK\$0.113 per Subscription Share and Conversion Share. The Company intends to apply the net proceeds of (i) approximately HK\$235,700,000 for the settlement of the 12% interest bearing promissory notes issued by the Group in April 2016 with the principal amount of HK\$235,700,000 for the Saipan Acquisition; (ii) approximately HK\$136,400,000 for the development costs of the 1st phase of the Development Plan (as defined below); and (iii) the remaining net proceeds of approximately HK\$25,154,000 as the general working capital of the Group.

References are made to (i) the announcements of the Company dated 2 February 2016, 5 April 2016 and 16 May 2016; and (ii) the circular of the Company dated 21 April 2016 (the "**April Circular**") in relation to the Saipan Acquisition which comprises twelve land parcels and with a total site area of approximately 79,529 square metres (the "**Properties**"). As stated in the April Circular, the development of the hotel resorts and/or timeshare condominiums on the Properties will be constructed in four phases (the "**Development Plan**"). For the 1st phase of the Development Plan, the Company will construct, on land parcel nine with a site area of approximately 9,352 square metres, a 3-star 8-storey timeshare condominium resort comprising 80 room units with a

gross floor area of 8,000 square metres. In addition, the condominium resort will feature a pitch and putt practice golfing facilities, an electronic indoor golf simulator, a golf-pro shop, a health and wellness spa, bars and restaurants, conference facility and a swimming pool and also situates in close proximities to the golf courses on the island. The commencement of the first phase of the Development Plan is estimated to be around third quarter of 2016 and the required time for the construction of the first phase of the Development Plan is estimated to be around 26 months and its development cost is preliminary estimated to be approximately US\$17.6 million (equivalent to approximately HK\$136.4 million). The Company, will depend on the trend of the tourism development of the Saipan Island in the future to draw out the forthcoming construction proposal of the second, third and fourth phases of the Development Plan and therefore, as at the date of this announcement, the Company has no concrete planning on the second, third and fourth phases of the Development Plan.

Mr. Huang, being the ultimate controlling shareholder of the Subscriber, is independent of and not party acting in concert with Top Force and its ultimate beneficial owner.

As stated in the Company's annual report for the year ended 31 December 2015, the bank balances and cash was only HK\$17,063,000 as at 31 December 2015. Furthermore, the Company plans to further strengthen property development to become one of the main businesses of the Group. In light of the Group's ongoing plan to continue to leverage its resources in the Development Plan, the Subscriptions will provide additional funds for the Group to develop its property development plan.

In light of Mr. Huang, the ultimate controlling shareholder of the Subscriber, being an experienced and reputable investor with resourceful network, the Directors (excluding the members of the Independent Board Committee who will express their opinion after considering the advice of the independent financial adviser as to the fairness and reasonableness of the terms of the Subscription Agreement and the Whitewash Waiver) consider that the Subscriptions offer a good opportunity to raise additional funds to strengthen the financial position of the Group and to introduce an investor with solid background and connection to the Group which is beneficial to the Shareholders and the Group in the long term perspective.

Given the above, the Directors (excluding the members of the Independent Board Committee who will express their opinion after considering the advice of the independent financial adviser as to the fairness and reasonableness of the terms of the Subscription Agreement and the Whitewash Waiver) consider that despite the dilution effect, it is fair and reasonable to proceed with the Subscriptions.

EFFECT ON THE SHAREHOLDING STRUCTURE

As at the date of this announcement:

- (1) the Company had 2,340,250,000 Shares in issue; and
- (2) the Company did not have any outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares.

The effect of the Subscriptions on the shareholding structure of the Company immediately upon Subscription Completion with full exercise of the conversion rights attaching to the Convertible Bonds, is set out below (assuming that there is no other change in the shareholding structure of the Company from the date of this announcement up to Subscription Completion and full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.114 per Conversion Share):

Shareholders	At the date of this announcement		Upon Subscription Completion and assuming no conversion of the Convertible Bonds		For illustrative purposes, upon Subscription Completion and assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.114 per Conversion Share	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Surplus Excel (<i>Note 1</i>)	984,754,355	42.08	984,754,355	18.93	984,754,355	16.83
Mr. Chu Chun Man, Augustine and parties acting in concert with him (<i>Note 2</i>)	51,982,295	2.22	51,982,295	1.00	51,982,295	0.89
The Subscriber	–	–	2,861,000,000	55.01	3,511,000,000	60.00
Public Shareholders	1,303,513,350	55.70	1,303,513,350	25.06	1,303,513,350	22.28
Total	2,340,250,000	100.00	5,201,250,000	100.00	5,851,250,000	100.00

Notes

1. Surplus Excel is owned as to 80% by Mr. Jiang and as to 20% by Mr. Yan Kim Po; and
2. Mr. Chu Chun Man, Augustine (“**Mr. Chu**”), an executive Director, held 46,460,520 Shares; Ms. Hung Tze Nga, Cathy, who is the spouse of Mr. Chu, held 750,000 Shares; and Mr. Chu Yuk Man, Simon, who is the elder brother of Mr. Chu, held 4,771,775 Shares.

FUND RAISING ACTIVITY IN THE PAST TWELVE-MONTH PERIOD

The Group has not carried out any fund raising activities during the 12 months immediately preceding the date of this announcement.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Application for Whitewash Waiver

As at the date of this announcement, the Subscriber, its ultimate beneficial owner and the parties acting in concert with any of them did not hold, control or has directions over any Shares, convertible securities, options, warrants or derivatives in the Company. Upon Subscription Completion and assuming that: (i) none of the Convertible Bonds are converted; and (ii) there is no other change in the issued share capital of the Company from the date of the Subscription Agreement and up to Subscription Completion, the Subscriber, its ultimate beneficial owner and the parties acting in concert with them will be interested in an aggregate of 2,861,000,000 Subscription Shares, representing approximately 55.01% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares.

Assuming the Convertible Bonds are converted in full at the initial Conversion Price of HK\$0.114 per Conversion Share and there is no other change in the issued share capital of the Company from the date of the Subscription Agreement and up to Subscription Completion, the Subscriber, its ultimate beneficial owner and the parties acting in concert with them will be interested in

3,511,000,000 Shares, comprising 2,861,000,000 Subscription Shares and 650,000,000 Conversion Shares, which in aggregate representing approximately 60.00% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares and the Conversion Shares.

Under Rule 26 of the Takeovers Code, the acquisition of voting rights from less than 30% to 30% or more will trigger an obligation on the Subscriber to make a general offer for all the securities of the Company other than those already owned or agreed to be acquired by the Concert Group, unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders at the SGM by way of poll.

The Subscriber will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver will be subject to, among other things, approval by the Independent Shareholders at the SGM by way of poll.

As at the date of this announcement, the Company does not believe that the Subscriptions give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular relating to the Subscriptions and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscriptions do not comply with other applicable rules and regulations.

If the Whitewash Waiver is approved by the Independent Shareholders, the shareholding of the Subscriber and its parties acting in concert in the Company upon the issue of the Subscription Shares to the Subscriber will exceed 50%. The Subscriber may further increase its shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

Further information on the Concert Group

As at the date of this announcement:

- a. none of the members of the Concert Group has any dealings in any securities of the Company in the six-month period preceding the date of the Subscription Agreement;
- b. none of the members of the Concert Group has received any irrevocable commitment to vote for or against the proposed resolution approving the Subscriptions or the Whitewash Waiver at the SGM;
- c. there is no arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or shares of the Subscriber which may be material to the Subscriptions or the Whitewash Waiver;
- d. there is no arrangement or agreement to which any member of the Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Subscriptions or the Whitewash Waiver; and
- e. there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which any member of the Concert Group has borrowed or lent.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Subscriptions and the Whitewash Waiver. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard and an announcement will be made upon its appointment.

Mr. Jiang and Surplus Excel, who are the Warrantors, are involved in the Subscriptions and therefore, each of them and their respective associates and concert parties, will abstain from voting on the relevant ordinary resolutions to be proposed at the SGM to approve the Subscriptions and the Whitewash Waiver.

A circular containing, among other things, (i) details of the Subscriptions and the Whitewash Waiver, (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders, (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscriptions and the Whitewash Waiver and (iv) the notice of the SGM and a form of proxy will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code.

The SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Subscription Agreement and the transactions contemplated thereunder; (ii) the allotment and issuance of the Subscription Shares and the Convertible Bonds in accordance with the Subscription Agreement; (iii) the Specific Mandate under which the Subscription Shares and, upon conversion of the Convertible Bonds, the Conversion Shares will be issued; (iv) the Whitewash Waiver; and (v) the election of the Subscriber's nominees as Directors, effective upon Subscription Completion.

The resolutions in relation to the Subscription Agreement and the Whitewash Waiver at the SGM will be voted on by the Independent Shareholders by way of poll.

Warnings: the Subscriptions are subject to the fulfilment or waiver (as the case may be) of a number of conditions, including but not limited to approval of the Subscriptions and the Whitewash Waiver by the Independent Shareholders at the SGM, and the granting of the Whitewash Waiver by the Executive. As such, the Subscriptions may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 11 July 2016 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on 14 July 2016.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

- “acting in concert”** : has the meaning ascribed to it by the Takeovers Code and the expression “concert part(ies)” shall be construed accordingly
- “associates”** : has the meaning ascribed thereto in the Listing Rules
- “Board”** : board of the Directors
- “Business Day”** : a day (other than a Saturday, Sunday or statutory holiday and days on which a typical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for ordinary banking business throughout their normal business hours
- “Company”** : Sino Golf Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange (stock code: 361)
- “Completion Date”** : the fifth Business Day following the date on which the conditions precedent set out in the Subscription Agreement are fulfilled (or such other date as the Company and the Subscriber may agree in writing)
- “Concert Group”** : the Subscriber, its ultimate beneficial owner and parties acting in concert with any of them, including but not limited to Mr. Huang
- “connected persons”** : has the meaning ascribed thereto in the Listing Rules
- “Conversion Price”** : the conversion price per Conversion Share at which Conversion Shares will be issued upon exercise of the conversion rights attaching to the Convertible Bonds, being initially HK\$0.114 per Conversion Share, subject to adjustments pursuant to the terms and conditions of the Convertible Bonds
- “Conversion Share(s)”** : new Share(s) to be allotted and issued by the Company pursuant to the exercise of the conversion rights attached to the Convertible Bonds pursuant to the terms and conditions of the Convertible Bonds
- “Convertible Bonds”** : the zero coupon convertible bonds due 2021 in the aggregate principal amount of HK\$74,100,000 to be issued by the Company to the Subscriber
- “Director(s)”** : director(s) of the Company

“Executive”	:	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Group”	:	the Company and the Subsidiaries
“Hong Kong”	:	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	:	an independent board committee of the Board Committee established by the Board, comprising all the independent non-executive Directors, namely Ms. Chu Yin Yin, Georgiana, Mr. Yip Tai Him and Mr. Chan Kai Wing, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Subscription Agreement and the Whitewash Waiver and as to voting at the SGM
“Independent Shareholders”	:	Shareholders, other than the Warrantors, Mr. Huang and the Subscriber and its associates and/or their respective concert parties and those parties who are involved or interested in the Subscriptions and/or the Whitewash Waiver
“Independent Third Party(ies)”	:	independent third party (parties) who is (are) independent of and not connected with the Company and its connected persons
“Last Trading Day”	:	8 July 2016, being the last trading day for the Shares before the entering into of the Subscription Agreement
“Listing Committee”	:	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	:	fifth anniversary of the date of issuance of the Convertible Bonds
“Mr. Huang”	:	Mr. Huang Youlong (黃有龍先生), the sole ultimate beneficial shareholder and the sole director of the Subscriber
“Mr. Jiang”	:	Mr. Jiang Jianhui (姜建輝先生), who beneficially owns as to 80% of Surplus Excel
“PRC”	:	the People’s Republic of China
“Saipan Acquisition”	:	the acquisition of the entire equity interest in Lucky Fountain Holdings Limited and its subsidiaries from Top Force by the Group as completed on 16 May 2016

“SGM”	:	a special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder, including (among other matters) the allotment and issue of the Subscription Shares, the Convertible Bonds and the Conversion Shares falling to be issued upon conversion of the Convertible Bonds, the Whitewash Waiver and the election of the Subscriber’s nominees as Directors, effective upon Subscription Completion (or any adjournment thereof)
“Share(s)”	:	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	:	holder(s) of the issued Share(s)
“Specific Mandate”	:	the specific mandate to be granted to the Directors by the Independent Shareholders at the SGM to allot and issue the Subscription Shares and the Conversion Shares
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Subscriber”	:	Wealth Sailor Limited (金航有限公司), a company incorporated in the British Virgin Islands with limited liability, and is wholly and ultimately owned by Mr. Huang, being the subscriber under the Subscription Agreement
“Subscriptions”	:	the subscription of the Subscription Shares and the Convertible Bonds pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	:	the conditional subscription agreement dated 8 July 2016 and entered into among the Company, the Subscriber and the Warrantors in relation to the Subscriptions
“Subscription Completion”	:	the completion of the Subscriptions and shall take place on the Completion Date
“Subscription Price”	:	HK\$0.114 per Subscription Share
“Subscription Share(s)”	:	2,861,000,000 new Shares to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Subsidiary(ies)”	:	subsidiary(ies) of the Company
“Surplus Excel”	:	Surplus Excel Limited, a company incorporated in the British Virgin Islands with limited liability. It held 984,754,355 Shares and was owned as to 80% by Mr. Jiang and as to 20% by Mr. Yan Kim Po as at the date of this announcement
“Takeovers Code”	:	The Hong Kong Code on Takeovers and Mergers

“Top Force”	:	Top Force Ventures Limited, being the vendor of the Saipan Acquisition, is a company incorporated in the British Virgin Islands with limited liability, with its beneficial owner being an Independent Third Party
“Warrantors”	:	collectively, Surplus Excel and Mr. Jiang
“Whitewash Waiver”	:	a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscriber and parties acting in concert with it to make a mandatory general offer for all the securities of the Company not already owned or acquired by the Subscriber and parties acting in concert with it under Rule 26 of the Takeovers Code which would otherwise arise as a result of the Subscriber subscribing for the Subscription Shares
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“%”	:	per cent.

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

Hong Kong, 13 July 2016

As at the date of this announcement, the Board comprises Mr. Wong Hin Shek, Mr. Zhang Yi and Mr. Chu Chun Man, Augustine, all being executive Directors; and Ms. Chu Yin Yin, Georgiana, Mr. Yip Tai Him and Mr. Chan Kai Wing, all being independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than those relating to the Subscriber) contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed (other than those expressed by the Subscriber) in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The sole director of the Subscriber, namely Mr. Huang Youlong, accepts full responsibility for the accuracy of the information relating to the Subscriber contained in this announcement and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed by the Subscriber in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* For identification purpose only