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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)

**PROPOSED RIGHTS ISSUE OF  
153,350,000 RIGHTS SHARES  
IN THE PROPORTION OF ONE RIGHTS SHARE FOR  
EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE AT  
HK\$0.39 PER RIGHTS SHARE**

**Financial Adviser to the Company**



**SOMERLEY LIMITED**

### **RIGHTS ISSUE**

The Company proposes to raise approximately HK\$59.8 million before expenses by way of the Rights Issue to the Shareholders. The Rights Issue involves the issue of 153,350,000 Rights Shares at the Subscription Price of HK\$0.39 per Rights Share on the basis of one Rights Share for every two existing Shares in issue on the Record Date. The Rights Shares will not be issued to the Excluded Shareholders. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company.

The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$58.5 million. 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 unsecured, non-interest bearing and repayable on demand. The Rights Issue can also strengthen the financial position of the Group, reduce its debt-to-equity ratio and enlarge its capital base.

\* for identification purpose only

Each of CM Investment and Mr. Chu has given the Irrevocable Undertaking to the Company and the Underwriter 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 terms of the Rights Issue respectively. The details of the Irrevocable Undertaking 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” below in this announcement.

The Underwriter has conditionally agreed to fully underwrite all the Rights Shares other than those agreed to be taken up by CM Investment and Mr. Chu pursuant to the Irrevocable Undertaking.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company as at the close of business on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on Monday, 31 October 2011. It is expected that the last day of dealings in the Shares on a cum-rights basis is Thursday, 27 October 2011 and the Shares will be dealt with on an ex-rights basis from Friday, 28 October 2011.

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 of the date of this announcement.

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

**The Rights Issue is conditional upon the fulfillment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” in this announcement. In particular, the Rights Issue is conditional upon, among other things:**

- (i) 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; and**
- (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (set out in the paragraph headed “Termination of the Underwriting Agreement” under the section headed “Underwriting arrangements for the Rights Issue” in this announcement).**

**If the conditions of the Rights Issue are not fulfilled or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.**

**Any persons contemplating buying or selling Shares from the date of this announcement 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 to 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.**

## **PROPOSED 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 date of this announcement	:	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 and approximately 33.3% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue, assuming no new Shares will be issued after the date of this announcement and up to the Record Date.

As at the date of this announcement, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable 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 this 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;
- (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; and
- (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 asset value of the Group of approximately HK\$245.0 million as at 30 June 2011 and 306,700,000 Shares in issue as at the date of this announcement).

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 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 on or after the date of allotment and issue of the Rights Shares.

## **Qualifying Shareholders**

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company as at the close of business on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on Monday, 31 October 2011. It is expected that the last day of dealings in the Shares on a cum-rights basis is Thursday, 27 October 2011 and the Shares will be dealt with on an ex-rights basis from Friday, 28 October 2011.

The Company will send the Rights Issue Documents to the Qualifying Shareholders on the Despatch Date. The Company will send only the Prospectus to the Excluded Shareholders (if any) for information purposes on the same date.

## **Excluded Shareholders**

The Rights Issue Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Company is currently making enquiries as to whether the issue of the Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders, no provisional allotment of the nil-paid Rights Shares or allotment of the fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The Company will send the Prospectus to the Excluded Shareholders for their information only.

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, 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. The Company will retain individual amounts of less than HK\$100 for its own benefit.

## **Closure of register of members**

The register of members of the Company will be closed on Tuesday, 1 November 2011. No transfers of the Shares will be registered on this date.

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

The Company will not provisionally allot fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold in the market and, 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 excess application.

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

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders, 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.

Application may be made by completing the form of application for the excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) 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
- (ii) subject to availability of the excess Rights Shares after allocation under principle (i) 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 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. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For Shareholders whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Company's branch share registrar and transfer office in Hong Kong, being Tricor Tengis Limited, for completion of the relevant registration not later than 4:30 p.m. on Monday, 31 October 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 nil-paid and fully-paid forms. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares in one board lot.

Dealings in the Rights Shares in their nil-paid and fully-paid forms will be subject to the payment of stamp duty and other application fees in Hong Kong.

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

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by Wednesday, 23 November 2011 by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted by Wednesday, 23 November 2011 by ordinary post to the applicants at their own risk.

### **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 the 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 the 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;
- (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 occur 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 date of this announcement, the abovementioned condition (i) has 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, assuming no new Shares will be issued after the date of this announcement and up to the Record Date.

#### ***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.

**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 Company's branch share registrar and transfer office in Hong Kong, 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.

**Termination of the Underwriting Agreement**

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
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the 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 this 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.

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

**The Rights Issue is conditional upon the fulfillment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” in this announcement. In particular, the Rights Issue is conditional upon, among other things:**

- (i) 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; and**
- (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (set out in the paragraph headed “Termination of the Underwriting Agreement” under the section headed “Underwriting arrangements for the Rights Issue” in this announcement).**

**If the conditions of the Rights Issue are not fulfilled or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.**

**Any persons contemplating buying or selling Shares from the date of this announcement 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 to 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.**

## CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue:

Shareholder	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming nil acceptance by the public Shareholders other than the Underwriter)		Immediately after completion of the Rights Issue (assuming 100% acceptance by the Shareholders)	
	<i>Number</i>		<i>Number</i>		<i>Number</i>	
	<i>of Shares</i>	<i>%</i>	<i>of Shares</i>	<i>%</i>	<i>of Shares</i>	<i>%</i>
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
Underwriter	–	–	66,414,982	14.4	–	–
Public Shareholders	<u>132,193,725</u>	<u>43.1</u>	<u>132,193,725</u>	<u>28.8</u>	<u>198,290,589</u>	<u>43.1</u>
Total	<u>306,700,000</u>	<u>100.0</u>	<u>460,050,000</u>	<u>100.0</u>	<u>460,050,000</u>	<u>100.0</u>

## EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

Last day of dealing in Shares on a cum-rights basis	:	Thursday, 27 October 2011
First day of dealing in Shares on an ex-rights basis	:	Friday, 28 October 2011
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue	:	4:30 p.m. on Monday, 31 October 2011
Register of members of the Company closes	:	Tuesday, 1 November 2011
Record Date	:	Tuesday, 1 November 2011
Register of members of the Company re-opens	:	Wednesday, 2 November 2011

Despatch of the Rights Issue Documents	:	Thursday, 3 November 2011
First day of dealings in nil-paid Rights Shares	:	Monday, 7 November 2011
Latest time for splitting of the nil-paid Rights Shares	:	4:30 p.m. on Wednesday, 9 November 2011
Last day of dealings in the nil-paid Rights Shares	:	Monday, 14 November 2011
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 2011
Latest time for the Rights Issue to become unconditional	:	4:00 p.m. on Monday, 21 November 2011
Announcement of results of acceptance of and excess applications for the Rights Issue	:	Tuesday, 22 November 2011
Despatch of refund cheques in respect of unsuccessful or partially unsuccessful excess applications for the excess Rights Shares on or before	:	Wednesday, 23 November 2011
Despatch of certificates for the fully-paid Rights Shares on or before	:	Wednesday, 23 November 2011
Commencement of dealings in the fully-paid Rights Shares	:	Friday, 25 November 2011

All times in this announcement refer to Hong Kong times. Dates or deadlines stated above are tentative and indicative only and may be extended or varied by the Company and the Underwriter. Any changes to the expected timetable for the Rights Issue will be announced as and when appropriate in accordance with the Listing Rules.

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

The principal activities of the Group are the manufacture and trading of golf equipment, golf bags and accessories.

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 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. 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.

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 of the date of this announcement.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Rights Issue to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS**

The Company has not conducted other equity fund raising exercise in the 12 months immediately preceding the date of this announcement.

## GENERAL

The Company will despatch the Rights Issue Documents to each of the Qualifying Shareholders and, for information only, the Prospectus to each of the Excluded Shareholders (if any) on Thursday, 3 November 2011.

## DEFINITIONS

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

“A&S”	: A & S Company Limited, a company incorporated in the 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
“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
“CM Investment”	: CM Investment Company Limited, a company incorporated in the BVI with limited liability, which is 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
“Company”	: Sino Golf Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Companies Ordinance”	: the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“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
“Excluded Shareholder(s)”	: the Overseas Shareholder(s) who the Directors, after making enquiries, prior to 4:30 p.m. on the Latest Lodging Date but in any event before the Record Date, 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
“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 terms of 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 announcement.
“Latest Lodging Date”	: Monday, 31 October 2011 as the latest time for lodging transfer of the Shares in order to qualify for the Rights Issue
“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 and a Director
“Mr. Simon Chu”	: Mr. Chu Yuk Man, Simon, a Director and the elder brother of Mr. Chu

“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
“PRC”	: the People’s Republic of China
“Prospectus”	: the prospectus to be issued by the Company in relation to the Rights Issue
“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
“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 the Prospectus
“Rights Issue Documents”	: the Prospectus, the provisional allotment letters and the forms of application for the excess Rights Shares to be issued by the Company
“Rights Share(s)”	: the new Share(s) to be allotted and issued by the Company under the Rights Issue
“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
“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 the 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

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

Hong Kong, 21 October 2011

*As at the date hereof, the Board comprises six Directors, of which three are the executive Directors, namely Mr. CHU Chun Man, Augustine, Mr. CHU Yuk Man, Simon and Mr. CHANG Hua Jung, and the rest of the three are the independent non-executive Directors, namely Mr. CHOY Tak Ho, Ms. CHIU Lai Kuen, Susanna and Mr. HSIEH Ying Min.*