



SINO GOLF HOLDINGS LIMITED

順龍控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00361)

Executive Directors:

Mr. Chu Chun Man, Augustine (*Chairman*)
Mr. Chu Yuk Man, Simon
Mr. Chang Hua Jung

Independent Non-executive Directors:

Mr. Choy Tak Ho
Ms. Chiu Lai Kuen, Susanna
Mr. Zhu Shengli

Registered Office:

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

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

Room 1906, 19/F., Delta House
3 On Yiu Street, Shatin
New Territories
Hong Kong

24 August 2015

To the Independent Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY



KINGSTON SECURITIES LTD.

**FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE
ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT) IN
SINO GOLF HOLDINGS LIMITED**

INTRODUCTION

The Company and the Offeror jointly announced on 10 July 2015, among other things, that on 30 June 2015, the Vendors, the Offeror, Mr. Chu (as the warrantor to the Vendors) and Mr. Jiang (as the warrantor to the Offeror) entered into the Sale and Purchase Agreement, pursuant to which the Offeror has agreed to acquire from the Vendors an aggregate of 287,074,657 Shares, representing approximately 61.33% of the entire issued share capital of the Company as at the Latest Practicable Date. Immediately following

* For identification purpose only

Completion which took place on 30 June 2015, the Offeror and parties acting in concert with it are interested in 287,074,657 Shares, representing approximately 61.33% of the entire issued share capital of the Company as at the Latest Practicable Date. The total consideration of HK\$306,681,856.08 at which the Sale Shares were acquired from the Vendors, representing approximately HK\$1.0683 per Sale Share, was fully settled in cash upon Completion. The 61.33% interests sold to the Offeror was determined based on commercial negotiation after taking into account, among other things, the Offeror's preference on having over 50% control in the Company and becoming the single largest shareholder in the Company. It is the current intention of Mr. Chu to remain as director of certain subsidiaries of the Group and have his family to retain the 2.22% direct interest in the Company so as to show his commitment to continue to manage the existing businesses of the Group following Completion and to maintain staff stability for the normal daily operations of the Group in view of the change in control.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it. Kingston Securities, on behalf of the Offeror, is making the Offer.

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Choy Tak Ho, Ms. Chiu Lai Kuen Susanna and Mr. Zhu Shengli, has been formed to make a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and whether the Offer is in the interests of the Company and the Shareholders as a whole and as to the acceptance of the Offer.

As disclosed in the Joint Announcement, First Shanghai has been appointed by the Board after approval by the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and as to its acceptance.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Offeror, the Offer and the Group; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from First Shanghai to the Independent Board Committee in relation to the Offer and as to its acceptance.

THE OFFER

The terms of the Offer summarised below are set out in details in the letter from Kingston Securities contained in this Composite Document and Appendix I to this Composite Document as well as the Form of Acceptance. You are recommended to refer to them for further details.

Principal terms of the Offer

Kingston Securities, on behalf of the Offeror, is making the Offer to acquire all the issued Shares other than those already owned by the Offeror and parties acting in concert with it in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$1.0684 in cash

The Offer Price of HK\$1.0684 per Offer Share is referenced to the purchase price per Sale Share paid by the Offeror under the Share Transfer pursuant to the Sale and Purchase Agreement and was arrived at after arm's length negotiations between the Offeror and the Vendors. The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document.

The Offer will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

Effects of accepting the Offer

By validly accepting the Offer, the Shareholders will sell their tendered Shares to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately following Completion and as at the Latest Practicable Date.

	Immediately prior to Completion		Immediately following Completion and as at the Latest Practicable Date	
	Shares	%	Shares	%
CM Investment	257,315,662	54.98	–	–
Fortune Belt	29,758,995	6.35	–	–
Mr. Chu	9,292,104	1.99	9,292,104	1.99
Ms. Hung Tze Nga, Cathy (<i>Note 1</i>)	150,000	0.03	150,000	0.03
Mr. Chu Yuk Man, Simon (<i>Note 2</i>)	954,355	0.20	954,355	0.20
Mr. Chu and parties acting in concert with him (<i>Note 3</i>)	297,471,116	63.55	10,396,459	2.22
The Offeror and parties acting in concert with it	–	–	287,074,657	61.33
Other Shareholders	170,578,884	36.45	170,578,884	36.45
Total	468,050,000	100.00	468,050,000	100.00

Notes:

1. Spouse of Mr. Chu
2. Elder brother of Mr. Chu and one of the executive Directors
3. Immediately prior to Completion, Mr. Chu was interested in 296,516,761 Shares by way of the followings: (i) 9,292,104 Shares were held directly by Mr. Chu; (ii) 150,000 Shares were held by Ms. Hung Tze Nga Cathy, the spouse of Mr. Chu; (iii) 257,315,662 Shares are held by CM Investment, of which, (a) approximately 78.31% of its issued share capital are owned by A & S Company Limited, (b) approximately 9.13% of its issued share capital are owned by Mr. Chu, (c) approximately 0.81% of its issued share capital is owned by Mr. Chu Yuk Man, Simon, (d) approximately 0.55% of its issued share capital is owned by the estate of another family member of Mr. Chu; and (e) approximately 11.20% of its issued share capital are held by the administratrix of the estate of Mr. Takanori Matsuura, a co-founder of the Company. A & S Company Limited is a company incorporated in BVI with limited liability and is owned as to approximately 64% by Mr. Chu, approximately 21.71% by Mr. Chu Yuk Man, Simon and 14.29% by the estate of another family member of Mr. Chu; and (iv) the remaining 29,758,995 Shares were held by Fortune Belt, which is beneficially owned as to 62.5% by Mr. Chu, as to 22.5% by Mr. Chu Yuk Man, Simon and as to 15% by Ms. Chu Irene Ching Yee, the sister of Mr. Chu and Mr. Chu Yuk Man, Simon.

INFORMATION ON THE GROUP

The Company is incorporated in Bermuda as an exempted company with limited liability and was 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 following table is a summary of certain consolidated audited financial information of the Group for the two financial years ended 31 December 2013 and 31 December 2014, respectively.

	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>
Turnover	434,087	400,962
Gross profit	75,634	72,416
Profit before taxation	16,001	8,719
Profit for the year	13,653	8,295
	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>
Consolidated net asset value attributable to owners of the Company	302,452	310,884

As disclosed in the interim results announcement dated 17 August 2015 of the Company for the six months ended 30 June 2015, the unaudited consolidated net asset value attributable to owners of the Company was approximately HK\$301,329,000 as at 30 June 2015.

INFORMATION ON THE OFFEROR AND ITS INTENTION REGARDING THE GROUP

Your attention is drawn to the letter from Kingston Securities in this Composite Document for the information on the Offeror and its intention regarding the Group. In particular, as stated in the letter from Kingston Securities, the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. The sole director of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares.

In the event that after the completion of the Offer, the public float of the Company falls below 25%, the Offeror and the Company will undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares;

or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

The Board is also aware of the Offeror's intention in relation to the Group and its employees and the proposed change of Board composition, and is willing to render co-operation with the Offeror and would continue to act in the best interests of the Group and the Shareholders as a whole.

RECOMMENDATION

The Independent Board Committee comprising all three independent non-executive Directors, namely Mr. Choy Tak Ho, Ms. Chiu Lai Kuen Susanna and Mr. Zhu Shengli, has been formed to make a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and whether the Offer is in the interests of the Company and the Shareholders as a whole and as to the acceptance of the Offer.

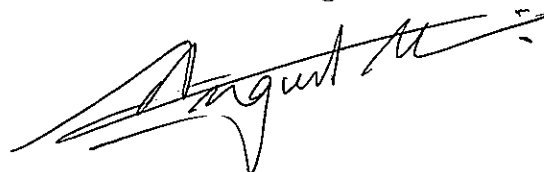
First Shanghai has been appointed by the Board after approval by the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and as to its acceptance.

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this Composite Document and the letter of advice from First Shanghai set out on pages IFA-1 to IFA-14 of this Composite Document, which contains, among other things, its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it in arriving at its recommendation.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from Kingston Securities set out in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance which contain further details of the Offer and the procedures for acceptance of the Offer. Your attention is also drawn to the additional information set out in the appendices to this Composite Document.

Yours faithfully,
For and on behalf of the Board of
Sino Golf Holdings Limited



Chu Chun Man, Augustine
Chairman