



SINO GOLF HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM RESULTS

The Board of Directors (the “Board”) of Sino Golf Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2002, together with the comparative figures for the corresponding period in 2001 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Unaudited	
		Six months ended	
		30 September	
		2002	2001
	<i>Notes</i>	<i>HK\$'000</i>	<i>(restated)</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	3	146,754	86,320
Cost of sales		<u>(98,223)</u>	<u>(58,282)</u>
Gross profit		48,531	28,038
Other revenue		2,443	3,256
Selling and distribution costs		(6,117)	(4,475)
Administrative expenses		(20,540)	(13,590)
Other operating expenses		<u>(4,024)</u>	<u>(3,028)</u>
PROFIT FROM OPERATING ACTIVITIES	4	20,293	10,201
Finance costs	5	<u>(3,492)</u>	<u>(3,789)</u>
PROFIT BEFORE TAX		16,801	6,412
Tax	6	<u>(1,096)</u>	<u>(513)</u>
PROFIT BEFORE MINORITY INTERESTS		15,705	5,899
Minority interests		<u>(2,058)</u>	<u>–</u>
NET PROFIT FROM ORDINARY ACTIVITIES		13,647	5,899
ATTRIBUTABLE TO SHAREHOLDERS		<u>13,647</u>	<u>5,899</u>
Interim dividend	7	<u>13,599</u>	<u>–</u>
EARNINGS PER SHARE – Basic (HK cents)	8	<u>4.52</u>	<u>1.96</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies and basis of preparation used in the preparation of these interim financial statements are the same as those used in the preparation of the audited financial statements of the Group for the year ended 31 March 2002 except that, the Group has adopted the revised SSAP 1 "Presentation of Financial Statements", SSAP 11 "Foreign Currency Translation", SSAP 15 "Cash Flow Statements", SSAP 25 "Interim Financial Reporting" and the new SSAP 34 "Employee Benefits" which became effective on 1 January 2002. The adoption of these new and revised SSAPs has no material effect on the Group's results or shareholders' equity, except that the presentation of certain items and balances in the condensed consolidated interim financial statements have been revised to comply with the new requirements.

2. Segment Information

The following tables present revenue, and results by business and geographical segments for the six months ended 30 September 2002.

(a) Business segments

	Golf equipment		Golf bag		Eliminations		Consolidated	
	Unaudited		Unaudited		Unaudited		Unaudited	
	Six months		Six months		Six months		Six months	
	ended 30 September		ended 30 September		ended 30 September		ended 30 September	
	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	118,386	86,320	28,368	-	-	-	146,754	86,320
Intersegment sales	-	-	9,378	-	(9,378)	-	-	-
Other revenue	2,047	2,709	143	-	-	-	2,190	2,709
	<u>120,433</u>	<u>89,029</u>	<u>37,889</u>	<u>-</u>	<u>(9,378)</u>	<u>-</u>	<u>148,944</u>	<u>89,029</u>
Total								
Segment results	<u>18,727</u>	<u>9,654</u>	<u>1,313</u>	<u>-</u>			<u>20,040</u>	<u>9,654</u>
Interest income							<u>253</u>	<u>547</u>
Profit from operating activities							<u>20,293</u>	<u>10,201</u>
Finance costs							<u>(3,492)</u>	<u>(3,789)</u>
Profit before tax							<u>16,801</u>	<u>6,412</u>
Tax							<u>(1,096)</u>	<u>(513)</u>
Profit before minority interests							<u>15,705</u>	<u>5,899</u>
Minority interests							<u>(2,058)</u>	<u>-</u>
Net profit from ordinary activities attributable to shareholders							<u>13,647</u>	<u>5,899</u>

(b) Geographical segments

	Unaudited	
	Six months ended	
	30 September	
	2002	2001
	HK\$'000	HK\$'000
Segment Revenue: sales to external customers		
North America	103,794	66,119
Europe	19,114	9,361
Asia (excluding Japan)	6,766	2,805
Japan	9,674	4,921
Others	7,406	3,114
	<u>146,754</u>	<u>86,320</u>

The segment results by geographical segment is substantially in line with the overall rate of contribution to turnover and accordingly, a geographical analysis of segment results is not presented.

3. Turnover

Turnover represents the invoiced value of goods sold during the period, net of trade discounts and goods returns.

4. Profit From Operating Activities

The Group's profit from operating activities is arrived at after charging/(crediting):

	Unaudited Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Depreciation	7,049	4,825
Amortisation of goodwill	541	268
(Gain) /Loss on disposal of fixed assets	(4)	188
Loss on partial disposal of a subsidiary	148	–
Interest income	<u>(253)</u>	<u>(547)</u>

5. Finance Costs

	Unaudited Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Interest on bank loans and overdrafts	2,615	3,017
Interest on finance leases	<u>45</u>	<u>102</u>
Total interest expenses	2,660	3,119
Bank charges	<u>832</u>	<u>670</u>
Total finance costs	<u><u>3,492</u></u>	<u><u>3,789</u></u>

6. Tax

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Unaudited Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Provision for the period: Hong Kong	<u>1,096</u>	<u>513</u>

7. Interim Dividend

	Unaudited Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Interim dividend of HK4.5 cents (2001: Nil) per ordinary share	<u>13,599</u>	<u>–</u>

8. Earnings Per Share

The calculation of basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders for the period of HK\$13,647,000 (2001: HK\$5,899,000) and on the weighted average of 302,200,000 (2001: 300,914,000) ordinary shares in issue during the periods.

No diluted earnings per share are presented because no diluting events existed during these periods.

9. Comparative Figures

As further explained in note 1 to the financial statements, due to the adoption of certain new and revised SSAPs during the period, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. In addition, certain comparative amounts have been reclassified to conform to the current period's presentation.

BUSINESS REVIEW AND PROSPECT

During the half year ended 30 September 2002, our Group continued to benefit from the on-going outsourcing of golf club equipment manufacturing from the developed countries, mainly the United States and European countries. Total turnover for the period increased substantially to HK\$146,754,000, representing an increase of 70.0% compared to the turnover of HK\$86,320,000 for the corresponding period last year. The significant increase in sales has been attributable to (i) a moderate recovery of the economy from its sluggish state in 2001; and (ii) inclusion of golf-bag sales of HK\$28,368,000 in the current period (2001: Nil) following the acquisition of a subsidiary engaging in golf-bag manufacturing in October 2001.

Profit from operating activities and net profit attributable to shareholders surged to HK\$20,293,000 and HK\$13,647,000 respectively (2001: HK\$10,201,000 and HK\$5,899,000 respectively), representing an increase of 98.9% and 131.3% respectively over those of the corresponding period last year. The substantial increase in profitability has mainly been attributed to the extra contribution derived from the increased sales volume as well as the effective cost control adopted by the Group.

Sales from the new business segment of golf-bags accounted for 19.3% of the turnover for the period (2001: Nil). It also represents 46.9% out of the 70.0% sales growth reported by the Group for the half-year ended 30 September 2002. With the benefit of our business contacts, the golf-bag subsidiary has been able to secure additional orders in addition to its own expansion and growth. A satisfactory synergy effect has been achieved as a result of our Group's participation in golf-bag business.

Geographically, the North America remains the largest business segment through which 70.7% (2001: 76.6%) of the Group's turnover for the period was generated. Europe, Japan, and other Asian countries all show satisfactory growth during the period which accounted for 13.0%, 6.6% and 4.6% respectively of the Group's turnover (2001: 10.8%, 5.7% and 3.2% respectively). The outstanding performance of these three geographical regions has resulted in a mild decrease in the percentage contribution of turnover from the North America by about 5.9%. In fact, the turnover of the North America region has shown a 57.0% growth in monetary term compared to the corresponding period last year.

During the period, the Group successfully strengthened and extended its client base and obtained a number of new customers of great potential. Orders from the existing customer profile also recorded a satisfactory growth. Following a gradual recovery of the economy in early 2002, customers began to modify their conservative strategies and placed greater order quantities with our Group in order to rationalize their inventories to meet the refreshed market demand. With the synergy effect, the golf-bag sales have also demonstrated a steady trend of double-digit growth. Based on the current order book status, the encouraging growth trend is expected to continue and the directors feel fairly optimistic about the business for the last quarter of 2002 and also the year of 2003.

LIQUIDITY AND FINANCIAL RESOURCES

Traditionally, the Group generally finances its operations through internally generated funds and banking facilities provided by its principal bankers and other financial institutions.

Cash and bank balances as at 30 September 2002 amounted to HK\$40.7 million (31 March 2002: HK\$84.6 million). The decrease in cash and bank balances has been attributed to applying surplus cash to reduce (i) bank borrowings from HK\$83.4 million as at 31 March 2002 to HK\$70.0 million as at 30 September 2002, and (ii) trade and bills payable from HK\$36.3 million as at 31 March 2002 to HK\$20.0 million as at 30 September 2002. This practice helps reduce the finance cost of the Group at times of exceptionally low interest rate for deposits. During the period, the Group has generated a net cash inflow of HK\$3.5 million from its operating activities.

Through adoption of effective treasury policies, the Group successfully maintained a strong and healthy financial position during the period. As at 30 September 2002, the net assets of the Group amounted to approximately HK\$167.3 million (31 March 2002: HK\$183.2 million before taking into account a subsequent dividend payment of HK\$30.2 million). Total borrowings from banks and financial institutions amounted to HK\$71.4 million as at 30 September 2002, all of which with the exception of one installment loan are short-term finances repayable within one year. The Group's gearing ratio as at 30 September 2002, defined as the total bank borrowings and finance lease payables of HK\$71.4 million divided by the shareholders' equity of HK\$167.3 million, was 42.7% (31 March 2002: 46.6%), a decrease of 3.9%. On the other hand, the Group's current ratio and quick ratio were 1.6 (31 March 2002: 1.8) and 0.9 (31 March 2002: 1.3) respectively. Both ratios indicated that the Group has maintained a satisfactory and healthy liquidity level.

EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATE

The Group conducts most of its business transactions in currencies of United States dollars, Hong Kong dollars and Renminbi. As these currencies remained relatively stable during the period, our Group has limited exposure to foreign exchange rates fluctuations.

EMPLOYEE AND REMUNERATION POLICIES

The number of employees of the Group stood at a similar level as that of the last financial year end. The employees were remunerated based on their performance; expertise and experience with reference also made to the prevailing industry practice and statistics. Their remunerations are reviewed annually and discretionary bonus will be awarded on individual basis having regard to the performance and contributions of the employees.

AUDIT COMMITTEE

The audit committee was established in December 2000 for the purpose of reviewing with the management the accounting principles and practices adopted by the Group and to discuss internal control and financial reporting matters. The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2002 have been reviewed by the audit committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the period for the six months ended 30 September 2002 in compliance with Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

Detailed information of interim results that is required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be subsequently published on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) in due course.

By order of the Board
Chu Chun Man, Augustine
Chairman

Hong Kong, 16 December 2002

"Please also refer to the published version of this announcement in The Standard"