SINO GOLF HOLDINGS LIMITED
順龍控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00361)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2010

The board of directors (the "Board") of Sino Golf Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010 together with the comparative figures for the year ended 31 December 2009. The consolidated financial statements have been reviewed by audit committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Turnover	4	**427,997**	290,329
Cost of sales		**(338,177)**	(230,644)
Gross profit		**89,820**	59,685
Other operating income	4	**2,238**	4,819
Selling and distribution costs		**(9,550)**	(7,016)
Administrative expenses		**(53,002)**	(57,803)
Impairment loss recognised in respect of property, plant and equipment		**(2,248)**	–
Finance costs		**(15,282)**	(11,173)
Profit (loss) before taxation		**11,976**	(11,488)
Income tax expense	5	**(418)**	(1,047)
Profit (loss) for the year	6	**11,558**	(12,535)
Other comprehensive income			
Exchange difference arising on translation		**2,438**	116
Gain on revaluation of leasehold land and buildings		**–**	2,524
Income tax relating to revaluation of leasehold land and buildings		**76**	(631)
Total other comprehensive income, net of tax		**2,514**	2,009
Total comprehensive income (expenses) for the year		**14,072**	(10,526)

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Profit (loss) for the year attributable to:			
Owners of the Company		**11,588**	(12,535)
Non-controlling interests		**(30)**	–
		11,558	(12,535)
Total comprehensive income (expenses) for the year attributable to:			
Owners of the Company		**14,102**	(10,526)
Non-controlling interests		**(30)**	–
		14,072	(10,526)
Earnings (loss) per share	*7*		
Basic		**HK3.83 cents**	HK(4.15) cents
Diluted		**HK3.78 cents**	HK(4.15) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**246,787**	254,600
Prepaid lease payments		**20,279**	20,451
Goodwill		**20,385**	20,385
Club debentures		**2,135**	2,135
Deposits and other receivables		**616**	957
Prepayments for the acquisition of property, plant and equipment		**1,697**	807
		291,899	299,335
Current assets			
Inventories		**173,817**	162,127
Trade and other receivables	*9*	**83,901**	72,850
Prepaid lease payments		**632**	597
Bank balances and cash		**43,316**	39,522
		301,666	275,096
Current liabilities			
Trade and other payables	*10*	**72,133**	65,675
Amounts due to non-controlling shareholders of a subsidiary		**462**	462
Income tax payable		**1,398**	1,248
Bank borrowings		**199,000**	194,794
Obligations under finance leases		**–**	730
Loan from ultimate holding company		**16,640**	–
		289,633	262,909
Net current assets		**12,033**	12,187
		303,932	311,522
Non-current liabilities			
Bank borrowings		**14,289**	37,184
Loan from immediate holding company		**23,678**	23,678
Deferred taxation		**2,565**	2,641
		40,532	63,503
		263,400	248,019
Capital and reserves			
Share capital		**30,220**	30,220
Reserves		**230,713**	215,297
Equity attributable to owners of the Company		**260,933**	245,517
Non-controlling interests		**2,467**	2,502
Total equity		**263,400**	248,019

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for certain leasehold land and buildings and financial instruments, which are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
Hong Kong Accounting Standard ("HKAS") 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (as revised in 2008)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions from First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HK – Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

Except as disclosed below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group. Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised Standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Amendments that are effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2012.
7 Effective for annual periods beginning on or after 1 February 2013.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of the new standard may have a significant impact on the amounts reported in respect of the Groups' financial assets.

HK(IFRIC) – Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC) – Int 19 will affect the required accounting. In particular, under HK(IFRIC) – Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The directors of the Company anticipate that the application of the other new and revised HKFRSs, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3 SEGMENT INFORMATION

Information reported to the chief operating decision marker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

Golf equipment – The manufacture and trading of golf equipment, and related components and parts.

Golf bags – The manufacture and trading of golf bags, other accessories, and related components and parts.

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December

	Golf equipment		Golf bags		Eliminations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*
Segment revenue:								
Sales to external customers	**384,225**	251,196	**43,772**	39,133	**–**	–	**427,997**	290,329
Inter-segment revenue	**–**	–	**26,317**	12,800	**(26,317)**	(12,800)	**–**	–
Other operating income	**1,573**	3,024	**358**	1,123	**–**	–	**1,931**	4,147
Total	**385,798**	254,220	**70,447**	53,056	**(26,317)**	(12,800)	**429,928**	294,476
Segment results	**33,968**	9,466	**3,185**	212			**37,153**	9,678
Interest income							**307**	113
Unallocated corporate income							**–**	559
Unallocated corporate expenses							**(10,202)**	(10,665)
Finance costs							**(15,282)**	(11,173)
Profit (loss) before taxation							**11,976**	(11,488)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represents the results of each segment without allocation of interest income, central administration costs, directors' remuneration and finance costs. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged with reference to market prices.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment.

At 31 December

	Golf equipment		Golf bags		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities						
Segment assets	**502,908**	486,774	**43,744**	43,290	**546,652**	530,064
Unallocated corporate assets						
– Club debentures					**2,135**	2,135
– Bank balances and cash					**43,316**	39,522
– Others					**1,462**	2,710
Total assets					**593,565**	574,431
Segment liabilities	**48,089**	53,355	**23,983**	11,988	**72,072**	65,343
Unallocated corporate liabilities						
– Amounts due to non-controlling shareholders of a subsidiary					**462**	462
– Income tax payable					**1,398**	1,248
– Bank borrowings					**213,289**	231,978
– Obligations under finance leases					**–**	730
– Loan from ultimate holding company					**16,640**	–
– Loan from immediate holding company					**23,678**	23,678
– Deferred taxation					**2,565**	2,641
– Others					**61**	332
Total liabilities					**330,165**	326,412

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than club debentures and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to reportable segments other than amounts due to non-controlling shareholders of a subsidiary, income tax payable, bank borrowings, obligations under finance leases, loan from immediate/ultimate holding company and deferred taxation. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(c) Geographical information

The Group's operations are located in North America, Europe, Asia (excluding Japan), Japan and others.

The Group's revenue from external customers by geographical location of revenue from external customers is detailed below:

	Revenue from external customers	
	2010	2009
	HK$'000	*HK$'000*
North America	**288,346**	195,348
Europe	**31,014**	9,596
Asia (excluding Japan)	**43,287**	26,530
Japan	**61,848**	51,727
Others	**3,502**	7,128
	427,997	290,329

Less than 1% of the Group's revenue from external customers is derived from the PRC including Hong Kong (country of domicile) for both years.

The Group's non-current assets, other than financial instruments, by geographical location is detailed below:

	2010	2009
	HK$'000	*HK$'000*
Hong Kong (country of domicile)	**24,441**	24,726
The PRC	**266,835**	273,641
Others	**7**	11
	291,283	298,378

(d) Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 December

	Golf equipment		Golf bags		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:						
Addition to non-current assets *(Note)*	**8,343**	13,223	**1,201**	4,204	**9,544**	17,427
Amortisation of prepaid lease payments	**529**	496	**103**	101	**632**	597
Bad debts directly written off	**174**	1,143	**–**	–	**174**	1,143
Depreciation of property, plant and equipment	**18,887**	17,419	**3,389**	3,528	**22,276**	20,947
Impairment loss recognised in respect of goodwill	**–**	–	**–**	1,795	**–**	1,795
Impairment loss recognised in respect of trade receivables	**–**	2,128	**99**	–	**99**	2,128
Impairment loss recognised in respect of property, plant and equipment	**–**	–	**2,248**	–	**2,248**	–
Loss on deregistration of subsidiaries	**48**	30	**–**	–	**48**	30
Loss on disposal of property, plant and equipment	**768**	827	**–**	1,291	**768**	2,118
Waiver of other payables	**–**	(1,009)	**–**	–	**–**	(1,009)
Write-off of inventories (included in cost of sales)	**–**	2,447	**–**	–	**–**	2,447

Note: Non-current assets excluded financial instruments.

(e) Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group as follows:

	Revenue generated from	2010	2009
		HK$'000	*HK$'000*
Customer A	Golf equipment	**114,803**	121,709
Customer B	Golf equipment and golf bags	**166,070**	39,726
Customer C	Golf equipment	**N/A***	41,439

* *The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year.*

4. TURNOVER AND OTHER OPERATING INCOME

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers, less discounts, returns and sales related taxes.

Analysis of the Group's turnover for the year is as follows:

	2010	2009
	HK$'000	*HK$'000*
Turnover		
Sales of golf equipment and related components and parts	**384,225**	251,196
Sales of golf bags, other accessories and related components and parts	**43,772**	39,133
	427,997	290,329
Other operating income		
Income from derivative financial instruments	**–**	559
Interest income	**307**	113
Rental income *(Note)*	**84**	285
Sale of scrap materials	**91**	432
Sample income	**103**	89
Sundry income	**1,376**	1,398
Tooling income	**277**	934
Waiver of other payables	**–**	1,009
	2,238	4,819
Total revenues	**430,235**	295,148

Note: There was no outgoings for rental income in both years.

5. INCOME TAX EXPENSE

	2010	2009
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**350**	–
PRC Enterprise Income Tax Income ("EIT")		
– Current	**68**	934
– Underprovision in prior years	**–**	113
	68	1,047
	418	1,047

i) Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2010.

Hong Kong Profits Tax was not provided for in the consolidated financial statements as there was no estimated assessable profit derived from Hong Kong for the year ended 31 December 2009.

ii) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of certain subsidiaries of the Company, which previously ranged from 15% to 33%, was changed to 25% from 1 January 2008 onwards.

In accordance with the tax legislations applicable to foreign investment enterprises, various subsidiaries are entitled to exemptions from the PRC EIT for the first two years commencing from the first profit-making year of operation and thereafter, entitled to a 50% relief from the PRC EIT for the following three years. According to the New Law, the first year income tax exemption commenced for the year ended 31 December 2008 and the subsidiary enjoys the second year income tax exemption for the year ended 31 December 2009.

Certain PRC subsidiaries were either in loss-making position for the current and the previous years or had sufficient tax losses brought forward from previous year to offset the estimated assessable income for the year and accordingly did not have any assessable income.

6. PROFIT (LOSS) FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) for the year has been arrived at after charging:		
Staff cost (including directors' emoluments):		
Salaries, wages and other benefits in kind	**84,742**	70,173
Equity-settled share-based payment	**–**	154
Retirement benefit scheme contributions	**5,635**	5,403
Total staff cost	**90,377**	75,730
Amortisation of prepaid lease payments	**632**	597
Auditor's remuneration	**1,003**	819
Bad debts directly written off **	**174**	1,143
Cost of inventories sold	**338,177**	228,197
Depreciation of property, plant and equipment	**22,276**	20,947
Exchange loss (net)**	**2,058**	1,408
Equity-settled share based payment (business associates) *(Note)*	**–**	309
Impairment loss recognised in respect of goodwill**	**–**	1,795
Impairment loss recognised in respect of trade receivables**	**99**	2,128
Loss on deregistration of a subsidiary**	**48**	30
Loss on disposal of property, plant and equipment	**768**	2,118
Operating leases rentals in respect of land and buildings	**5,746**	5,880
Research and development costs **	**3,993**	3,457
Write-off of inventories (included in cost of sales)	**–**	2,447

** *These amounts are included in administrative expenses.*

Note: During the year ended 31 December 2009, the amount represented the fair value of consultancy services provided to the Group in relation to searching for new customers. The consultancy service fees were settled through the issue of 3,000,000 share options.

7. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Earnings (loss)		
Earnings (loss) for the purpose of basic and diluted earnings per share	**11,588**	(12,535)

	2010	2009
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**302,200**	302,200
Effect of dilutive potential on ordinary shares from share options	**4,500**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**306,700**	302,200

The computation of diluted loss per share for the year ended 31 December 2009 does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in the loss per share.

8. DIVIDENDS

No dividends were paid, declared or proposed during the year ended 31 December 2010, nor has any dividend been proposed since the end of the reporting period (2009: Nil).

9. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**29,021**	42,002
Less: impairment loss recognised	**(522)**	(13,544)
	28,499	28,458
Prepayments	**1,105**	1,625
Deposits and other receivables	**54,297**	42,767
	55,402	44,392
	83,901	72,850

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally between 30 and 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

The aging analysis of the trade receivables (net of impairment) of the Group was as follows:

		Neither past	**Past due but not impaired**			
	Total	**due nor impaired**	**1 to 3 months**	**4 to 6 months**	**7 to 12 months**	**More than 12 months**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2010	28,499	19,517	8,933	49	–	–
At 31 December 2009	28,458	16,396	10,120	48	1,894	–

10. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade and bills payables	**56,229**	46,405
Customers' deposits received	**2,285**	2,973
Amount due to a director	**–**	1,160
Accrual and other payables	**13,619**	15,137
	72,133	65,675

The aging analysis of trade and bills payables presented based on the invoice date at the end of the reporting period of the Group was as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**21,316**	30,028
4 to 6 months	**22,064**	8,064
7 to 12 months	**10,010**	5,104
Over 1 year	**2,839**	3,209
	56,229	46,405

The average credit period on purchases of goods is from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

11. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Leasehold land and buildings	**1,434**	1,460
Plant and machinery	**1,186**	126
	2,620	1,586

EVENTS AFTER THE REPORTING PERIOD

On 17 February 2011, Sino Golf Manufacturing Company Limited, a wholly owned subsidiary of the Company, entered into a sales and purchase agreement with an independent third party for the sale of the entire equity interests in Xiamen Sino Talent Golf Manufacturing Co., Ltd., a wholly owned subsidiary established in the PRC for a cash consideration of RMB18,000,000 (equivalent to approximately HK$21,176,000).

Details of this transaction are set out on an announcement of the Company dated 17 February 2011 and the supplemental announcement dated 23 February 2011, respectively.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board has not recommended the payment of a dividend for the year (2009: Nil).

The register of members of the Company will be closed from Wednesday, 1 June 2011 to Thursday, 2 June 2011, both days inclusive, for the purpose of establishing entitlement of shareholders to vote at the forthcoming annual general meeting. During the period, no transfer of shares will be effected. All share transfer, accompanied by the relevant share certificates, shall be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 31 May 2011.

BUSINESS REVIEW

Overview

Benefiting from a recovery in the global economy, the golf industry has rebounded moderately during the year when major market participants partially resumed their purchasing volume in light of the improved market conditions. To cope with the various challenges, it is desirable that the recovery cycle could last long enough to give the impetus necessary for further economic growth and developments.

With the contribution from the business with the new first-tier customers and a general rebound in the market demand, our Group has achieved a remarkable surge in both the sales of golf equipment and golf bags during the year. Though the market sentiment has apparently improved, the economies remain fairly volatile and are exposed to ad hoc fluctuations. To substantiate growth and survive fierce competition, most of the golf industry participants have been endeavoring to tap revenues whilst streamlining the operations to optimize and reduce costs. Notwithstanding the business rebound, our Group remains highly alert of possible market fluctuations, as there is no assurance that the economy would continue to prosper without material interruptions.

The Group's turnover increased significantly, year on year, by 47.4% from HK$290.3 million in 2009 to HK$428.0 million this year. Gross profit grew to HK$89.8 million from HK$59.7 million for the comparative preceding year. Average gross profit margin improved slightly to 21.0% from 20.6% for 2009. Attributed to the increase in revenues, the Group has successfully reverted to profitability from the loss sustained in the preceding year. With the broadened customer base and enhanced manufacturing capabilities, our Group has managed to regain market share and uplift industry recognition. It is anticipated that the Group will continue to expand business with the first-tier customers to generate extra revenues. Overall, we have progressed steadily towards our mission to provide one-stop premium services to the customers and strengthen our role as a high quality golf equipment manufacturer.

The Group pursued its emphasis on product innovation and customers' fulfillment as a means to uphold our competitive advantage against the intense competition. This has proved to be an effective strategy to gain and preserve customers' confidence especially during a time of economic instability. Our Group's effort has culminated in successfully adding new first-tier name brands to our customer profile, in contrary to some industry peers that had failed during this difficult period.

During the year, the Renminbi ("RMB") currency has somewhat appreciated to add to our cost burden as RMB expenditures like wages and factory overheads incurred in the PRC increased. To combat the cost hikes, the Group has reinforced its rationalization programs with the aim to optimize costs to the extent feasible. Following a year of consolidation, our Group has regained profitability in 2010 as substantiated by the significant rebound in revenues.

For the year of 2010, golf equipment sales aggregated to HK$384,225,000 representing 89.8% of the Group's turnover. Sales of the golf bags and accessories, after eliminating inter-segmental sales of HK$26,317,000, amounted to HK$43,772,000 to account for the remaining 10.2% of the Group's turnover for the year. Attributed to the surge in revenues, the golf equipment and golf bag segments both demonstrated an improvement to achieve segmental profits of HK$33,968,000 and HK$3,185,000 for the year, respectively.

Golf Equipment Business

The golf equipment segment constituted the main operating segment that accounted for 89.8% of the Group's turnover for the year (2009: 86.5%). Attributable to the contribution from business with the new first tier customers, golf equipment sales for the year rebounded significantly by 53.0% to HK$384,225,000 from HK$251,196,000 in 2009. The segment turnover comprised golf clubs sales of HK$352,963,000 and components sales of HK$31,262,000, representing 91.9% and 8.1% respectively. Of the golf clubs sales, the proportion of club sets versus individual clubs was 87.4% and 12.6% respectively. As regards components sales, club heads accounted for 70.9% with shafts and other accessories taking up the remaining 29.1%.

During the year, sales to the new first-tier customer, which carries the world's most prominent golf brand, more than quadrupled to HK$165,940,000 (2009: HK$39,726,000) to make it the Group's largest customer. Sales to the Group's then largest customer for the year, comprising mainly hybrid iron sets, was down 5.7% to HK$114,803,000 (2009: HK$121,709,000) due mainly to issues on delivery schedules. It is anticipated that sales to this second largest customer would resume growing in the ensuing year, as the delivery issue has been properly dealt with.

On the other hand, sales to other major customers showed a moderate rebound in general given a partial resumption in the market demand for golf equipment products. Turnover generated from the top five golf equipment customers aggregated to HK$348,662,000, representing 90.7% of the segment turnover or 81.5% of the Group's turnover for the year. With the strengthened customer base, the Group is confident to continually develop the golf equipment business to take on other high quality first-tier name brands.

During the year, the Shandong manufacturing facility was principally engaged in producing golf club sets for the new first-tier customer that carries the world's most prominent golf brand. To accomplish the Group's program to relocate a majority of the production to the northern part of the PRC, the capacity of the Shandong manufacturing facility has been stepped up by phases to cope with the growing needs. Endowed with the advantage of lower labor and operating costs, the Shandong manufacturing facility has managed to bring additional contribution to the Group through the increased output volume. As part of the process to consolidate the Group's production, the Shandong manufacturing facility has taken up the production function originally assumed by the Group's manufacturing facility in Xiamen Province, the PRC. Following that, the Group has subsequently realized its investment in the subsidiary that owns the Xiamen manufacturing facility in February 2011. Proceeds from the disposal of RMB18 million will mainly be applied towards providing funds for the Group's working capital. To further streamline the production flow and enhance efficiency, several golf bags production lines have been set up at the Shandong manufacturing facility to cater for customers' orders of golf club sets that include golf bags as accessories. This serves to improve overall efficiency and helps reduce the transportation cost and risk associated with moving completed golf bags over long distances from the Group's Guangdong manufacturing facility. The Shandong manufacturing facility signifies a milestone in our Group's development that strengthens our competitive advantage and provides a strong platform to facilitate the Group to effectively take on new first-tier golf name brands that are seeking to cooperate with alternative high quality supply sources.

In pursuant of sound commercial practices, the Group adhered to the policy of hedging its major receivables through factoring and insurance arrangements. Besides, the Group cautiously monitored the performance of individual customers and regulated their terms as appropriate to best safeguard our interest. During the year, the Group received further distribution of HK$486,000 from the trustee of the Huffy Unsecured Claims Trust in respect of the debt owed by the reorganized Huffy in prior years. The management has considered those relevant factors including the periodic distributions received by the Group for paying down the debt balance and concurred that no impairment existed on the remaining balance of approximately HK$258,000 owed by the reorganized Huffy as at the year end date. The Group will review the circumstances again in the ensuing year to assess the existence of impairment.

During the year, the labor shortage problem prevailing in the southern part of the PRC has created some pressure on securing timely deliveries to customers. To better facilitate the fulfillment of customers' orders, our Group had to engage additional subcontracting work to meet with the delivery requirements. This together with the increase in the statutory minimum wage rates enforced in the PRC has resulted in an increase in costs to undermine the profit margins. During the year, raw materials and component costs did not fluctuate materially and this helped preserve the available profit margins against the impact of rising labor cost and overheads such as fuel expenses.

Supported by the business rebound, the golf equipment segment has shown encouraging improvement to achieve a segmental profit of HK$33,968,000 for the year (2009: HK$9,466,000). Taking into account the prevailing market conditions and the current order book status, the management anticipates that the golf equipment segment will continue to achieve reasonable performance subject to the more prudent purchasing practice of most customers in the recent years.

Golf Bag Business

Taking advantage of the economic rebound, the golf bag segment has gained business in 2010 to help contribute to the Group's revert to profitability from the loss sustained in the preceding year. Total sales of golf bags and accessories grew by 35.0% from HK$51,933,000 in 2009 to HK$70,089,000 this year. After eliminating inter-segmental sales of HK$26,317,000 (2009: HK$12,800,000), the segment turnover comprising sales of golf bags to the external customers increased, year on year, by 11.9% from HK$39,133,000 in 2009 to HK$43,772,000 to account for 10.2% of the Group's turnover for the year (2009: 13.5%). The inter-segmental sales increased substantially as a result of the surge in customers' orders of golf club sets that incorporated golf bags as accessories, sales of which had been classified as the turnover of the golf equipment segment.

Of the segment turnover, golf bag sales accounted for 74.9% or amounted to HK$32,786,000, whereas accessories sales comprising mainly shoe bags aggregated to HK$10,986,000 or 25.1%. There has not been a material fluctuation in the product mix throughout these years. During the year, sales to the largest golf bag customer increased remarkably by 30.4% to HK$26,916,000, accounting for 61.5% of the segment turnover or 6.3% of the Group's turnover. Turnover from the top five golf bag customers aggregated to HK$36,577,000, representing 83.6% of the segment turnover or 8.5% of the Group's turnover for the year.

Analyzed from another perspective, sales of the Japan line of products increased substantially during the year by 26.5% to HK$27,327,000 whereas sales of the non-Japan line of products, comprising mostly golf bags of American design, decreased by 6.2% to HK$16,445,000 instead. This has been mainly due to the significant increase in the inter-segmental sales of non-Japan line of golf bags, which were eliminated in arriving at the amount of the segment turnover as these golf bags constituted the accessories of the related golf club sets. Sales of those golf club sets having golf bags as accessories had been classified to the turnover of the golf equipment segment as appropriate. Of the turnover of the golf bag segment, the proportion of the Japan line and the non-Japan line of products was 62.4% and 37.6% respectively with the Japan line of products dominating the sales mix. The Group has pursued its strategy to continually develop and explore both the Japan line and the non-Japan line of golf bags so as to gain market share and broaden the customer base. We are devoted to allocate necessary resources to tap market opportunities that bring us both the quantities and reasonable margins.

During the year, prices of major raw materials for the golf bag production such as PVC, PU and nylon demonstrated a moderate increase whereas the accessories price like those of metal parts and plastic components did fluctuate within narrow ranges. On the other hand, the labor cost has increased to reflect the adjustments made to the statutory minimum wage rates enforced in the PRC to cope with the labor shortage problem prevailing during the year. To strengthen the competitive advantage, the golf bag segment continued to reinforce the various measures implemented to streamline the operations to optimize costs. It is our strategy to emphasize and continually develop the high-end golf bags so as to uphold the Group's role as a key player in the golf bag sector.

Motivated by a more favorable market sentiment, the performance of the golf bag segment improved to achieve a segmental profit of HK$3,185,000 for the year, up from HK$212,000 for the comparative preceding year. Given the prevailing market conditions and the current order book status, the management anticipates that the golf bag segment should have passed the most difficult period and will continue to develop at a reasonable pace while still facing a challenging environment going forward.

Geographical Segments

There has not been any significant fluctuation in the geographical distribution of the Group's business throughout the years. Over two-third of the Group's turnover for the year were for shipments to customers in North America, mainly the United States while shipments to other geographical regions include Japan; Asia (excluding Japan); Europe; and others. Being the world's largest golf market, North America dominated to account for 67.4% of the Group's turnover in 2010 (2009: 67.3%). Other geographical regions covering Japan, Asia (excluding Japan), Europe; and others contributed 14.5%, 10.1%, 7.2% and 0.8% of the Group's turnover for the year, respectively (2009: 17.8%; 9.1%; 3.3%; and 2.5%, respectively).

As percentages of the Group's turnover, sales to the North American market stayed at similar level as that of the preceding year whereas sales to the Japanese market decreased to 14.5% (2009: 17.8%), mainly due to the effect of sales programs specifically launched for the Japanese market in 2009. Benefiting from the global recovery, aggregate sales to other geographical regions including Asia (excluding Japan); Europe and others rebounded moderately, as a percentage of the Group's turnover, from 14.9% in 2009 to 18.1% for the current year.

In monetary terms, sales to the North American market soared 47.6% in 2010 to HK$288,346,000, comprising golf equipment and golf bag sales in the proportion of 97.1% and 2.9%, respectively. Sales to the Japanese market also increased by 19.6% to HK$61,848,000 in 2010. With our effort to tap additional revenues, sales to other geographical regions covering Asia (excluding Japan); Europe and others increased in aggregate by 79.9% to HK$77,803,000 in 2010.

It is the corporate strategy to strengthen our competitive edge in the North American market through further exploring the business opportunities with the world's most prominent golf brand, shipments to which have exceeded HK$165 million during 2010. The Group remains committed to continually developing and tapping potential opportunities in the Japanese market both for the golf bag and golf equipment segments. To facilitate the long-term goal to increase our market share, the Group is devoted to continually expanding business in the geographical regions covering, Asia (excluding Japan); Europe; and others, particularly the Asian market, where the golf activities have become increasingly popular and affordable as a trend of leisure sports

PROSPECTS AND RISK FACTORS

Prospects

With our persistent effort, the Group's business has recovered steadily from the economic downturn caused by the financial crisis. Sales have surged remarkably during the year following a general recovery in the global economy, which facilitated the Group to successfully revert to profitability from the loss sustained in 2009. Business with the new first-tier customer, which carries the world's most prominent golf brand, has grown significantly to make it the Group's largest customer for the year and provided the impetus needed for reinforcing the Group's recovery and development. Besides, the establishment of the Shandong manufacturing facility constituted an essential move to strengthen our competitive advantage through enhancing the Group's productivity and technological capabilities.

Though the world economy has achieved a satisfactory recovery in 2010, it is uncertain how long this process may last to continue boost the economies under a highly volatile market environment. The threat of further economic or financial turbulence does exist as there still lies ahead many challenges and uncertainties to overcome. The recent occurrence of the earthquake and tsunami in Japan has posed major threats on Japan's economy in the short to medium term. Its potential impact on the global economy is yet to be assessed and needs to be cautiously monitored. As the Japan market accounts for about 15% of our Group's business, it is expected that some level of impact may be inevitable and we have to remain highly alert and responsive to possible fluctuations so as to mitigate any adverse impact. Our Group has maintained a strong customer network through which we are periodically updated with the ad hoc market information and trends. We are highly adaptive to effectively cope with the market changes and customers' needs, which enable us to outperform other industry peers and progress towards our corporate goal to provide customers with competitive one-stop premium services. The growth potential with the new first-tier customers looks promising and it is expected that we will continue to take on additional first-tier name brands to broaden our customer base and move forward.

Including the actual shipments made after the year end date, the Group has currently procured customer orders exceeding HK$150 million for 2011 with additional orders yet to be received in the usual course of business. Taking into account the current market conditions and the potential impact on the world economy as may be caused by the recent earthquake in Japan, it is anticipated that sales for 2011 may remain volatile and be subject to various uncertainties and challenges. The Group is making every effort to capture and preserve our businesses in light of the current dynamic economic situations. Based on the current ordering trend and the prevailing market conditions, the management maintains a cautious view about the business outlook for 2011. It is envisaged that both the golf equipment and golf bag business should develop steadily in commensurate with the actual market status and conditions. The Group has established a strong relationship with its customers and we remain aggressive to continually exploit business opportunities to broaden and diversify our customer profile. We will also keep ourselves alert of the market developments in responding to and capturing opportunities as well as managing challenges.

Risk Factors

Given that the Group's historical results are not necessarily indicative of the Group's future performance and/or financial condition, it is desirable to present an outline of those factors that could affect the Group's future performance and/or financial condition. These factors could cause the Group's future performance and/or financial condition to differ materially from those of the prior years or from management's expectations or estimates.

Status of United States Economy and Currency Fluctuation

As the Group is principally engaged in exporting the majority of its products to the United States, any fluctuation to the United States economy might have an effect on the Group's business. The potential conflicts arising from the imbalance of trade between the PRC and the United States may lead to trade barriers if not properly dealt with and resolved by the respective governments. Despite a general recovery of the global economy after the financial crisis, there is no assurance that the economies will continue to rebound without material interruptions. Besides, the tendency of continued appreciation of the RMB currency may affect the competitiveness of manufacturers in the PRC if the RMB currency further appreciates.

Interest Rates Movements

The Group generally utilizes banking facilities to finance its operations, which usually bear interest at floating rates. Movements in the applicable interest rates will affect the level of finance cost to be borne by the Group. Though interest rates stayed at a relatively low level during 2010, any revision of the interest rates up will increase the finance cost burden to the Group. Though the Group could have the option to enter into interest rate swap contracts to hedge interest payments, there is no assurance that the interest rate swaps would result in any material savings for the Group.

Concentration of Key Customers

In 2010, sales to the largest customer represents 43.2% of the turnover of the golf equipment segment or 38.8% of the Group's annual turnover. The five largest customers in aggregate accounted for about 83.7% of the Group's turnover for the year. It has been the Group's policy to diversify to maintain a healthy and balanced customer portfolio and there is reasonable progress so far. Due to the highly reliance on key customers, it is inevitable that incidents with material adverse impact on the Group's key customers may also adversely affect the Group's business.

Materials Cost and Sources of Supply

As material cost constitutes the major cost component of the Group's products, any significant price fluctuation or supply shortage may pose threats on the Group's profit margin even if we could adjust sales prices to recoup cost increase to some extent. In addition, the trend of relying more on the component makers and suppliers specified by customers may limit the choice and flexibility in selecting suppliers by the Group that might undermine and erode profit margins over the time.

In addition to the risk factors identified above, the Group is subject to other risk factors and uncertainties that could arise when market conditions change from time to time. The management remains alert to keep aware of other possible risks and will adopt prompt measures to mitigate the Group's exposure as necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

Attributed to the global recovery, the Group's business rebounded strongly during the year to facilitate a regain of profitability in 2010. The Group's turnover for the year ended 31 December 2010 increased significantly by 47.4% to HK$427,997,000 (2009: HK$290,329,000). Profit for the year attributable to owners of the Company amounted to HK$11,588,000 (2009: loss of HK$12,535,000). Earnings per share was HK3.83 cents for the year (2009: loss per share of HK4.15 cents). Diluted earnings per share was HK3.78 cents (2009: loss per share of HK4.15 cents). The directors do not recommend the payment of a dividend for the year (2009: nil).

During the year, turnover of the golf equipment and golf bag segments soared by 53.0% and 11.9% to HK$384,225,000 and HK$43,772,000, respectively. Prior to eliminating the inter-segmental sales of golf bags of HK$26,317,000 (2009: HK$12,800,000), the total sales of the golf bag segment increased in volume by 35.0% to HK$70,089,000 during the year, which represented the actual change in the business volume of the segment. There was significant increase in the inter-segmental sales of golf bags, mainly attributable to the surge in the sale of golf club sets that incorporated golf bags as accessories. Revenues from the sale of such golf club sets were classified as the turnover of the golf equipment segment as appropriate.

During the year, shipments to the new first-tier customer, which carries the world's most prominent golf brand, have exceeded HK$165 million to make it the Group's largest customer and accounted for 38.8% of the Group's turnover for the year. With the surge in total revenues, gross profit for the year increased to HK$89,820,000 from HK$59,685,000 in 2009. Average gross profit margin improved slightly from 20.6% for 2009 to 21.0% for the current year.

Other operating income for the year decreased to HK$2,238,000 from HK$4,819,000 in 2009, mainly due to the reduction in rental and tooling charge income, and the non-recurring gains from certain derivative financial instruments and write-back of other payables in 2009.

Selling and distribution costs for the year increased to HK$9,550,000 from HK$7,016,000 in 2009 primarily owing to the increase in transportation and ocean freight charges in commensurate with a greater business volume. Attributable to the savings achieved from cost control measures, administrative expenses for the year decreased to HK$53,002,000 from HK$57,803,000 in 2009, mainly attributable to the reduction in rental expenses and payroll costs.

An impairment loss of HK$2,248,000 was recognised during the year (2009: Nil) to reflect the difference between the recoverable amount and the carrying amount of certain land and buildings which were in the process of being reclaimed by the local PRC government.

Finance costs for the year increased to HK$15,282,000 from HK$11,173,000 in 2009, primarily owing to the increase in term loan interest and the higher factoring charges against greater export volume.

With the business rebound, the Group successfully reverted to profitability to achieve a profit attributable to the owners of the Company of HK$11,588,000 for the year, in contrasted to a loss of HK$12,535,000 incurred for the comparative preceding year.

Liquidity and Financial Resources

The Group continued to rely on internally generated cash flows and banking facilities to finance its operations. To strengthen the Group's financial position in a volatile economic environment, the immediate holding company and the ultimate holding company have granted unsecured interest free loans to the Group to reduce bank borrowings and assure that there are sufficient funds for the operations. To properly manage and limit its exposure to financial risks, the Group has adopted effective policies and guidelines to help identify the existence of financial risks for timely treatment and rectifications.

At 31 December 2010, bank balance and cash, which were mostly denominated in United States dollars, Hong Kong dollars and Renminbi, amounted to HK$43.3 million (2009: HK$39.5 million). The bank balance increased as a result of the additional funds provided by the ultimate holding company to strengthen the Group's liquidity. The Group has pursued the principle of maintaining sufficient funds to run its operations and discharge the liabilities as they fall due.

Borrowings of the Group other than the loans from immediate holding company and ultimate holding company are mostly denominated in Hong Kong dollars, United States dollars and Renminbi that carry interest at a certain spread over the HIBOR/LIBOR or the interest rate promulgated by the Peoples' Bank of China from time to time. At 31 December 2010, interest-bearing borrowings of the Group comprising bank loans and finance lease payable aggregated to HK$213.3 million (2009: HK$232.7 million), of which HK$199 million (2009: HK$195.5 million) was repayable within one year. The loan from immediate holding company of HK$23.7 million (2009: HK$23.7 million) is unsecured, interest-free and will mature in March 2012, whereas the loan from the ultimate holding company of HK$16.6 million (2009: Nil) is unsecured, interest free and repayable on demand. Besides, certain bank loans from the banks in the PRC of HK$85.9 million (2009: HK$46 million) are secured by certain leasehold land and buildings of the Group with a carrying value of HK$182.4 million (2009: HK$172.3 million). The gearing ratio, defined as bank loans and finance lease payable less bank balance and cash of HK$170.0 million (2009: HK$193.2 million) divided by the shareholders' equity of HK$263.4 million (2009: HK$248.0 million), was 64.5% as at 31 December 2010 (2009: 77.9%). The gearing ratio at 31 December 2010 would be restated as 79.8% (2009: 87.5%) if the loans from immediate holding company and ultimate holding company were included in computing the ratio.

It is our corporate objective to maintain a financial position that is supportive of the Group's long-term development and growth. At 31 December 2010, the total assets and net asset value of the Group amounted to HK$593.6 million (2009: HK$574.4 million) and HK$263.4 million (2009: HK$248.0 million) respectively. Current and quick ratios as at 31 December 2010 were 1.04 (2009: 1.05) and 0.44 (2009: 0.43) respectively. Both the current ratio and quick ratio remain relatively stable and showed no material fluctuation. The Group continues to explore effective means to rationalize and improve its financial position.

Exposure to Fluctuations in Exchange Rates and Contingent Liabilities

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of operations to which they relate. The currency giving rise to this risk is primarily RMB.

At 31 December 2010, the Group had no significant contingent liabilities.

Employee and Remuneration Policies

At 31 December 2010, the Group employed a total of approximately 2,600 employees mainly located in Hong Kong and the PRC. It is the Group's strategy to establish and maintain a harmonious relationship with its employees through provision of competitive remuneration packages and career development opportunities. The employees are remunerated based on their duties, experience and performance as well as industrial practices. The remuneration packages are reviewed annually to assure fairness and competitiveness and discretionary bonuses may be awarded to employees based on individual performance.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three Independent Non-Executive Directors and two Executive Directors of the Company. It met once during the year ended 31 December 2010 and reviewed the remuneration policy and structure of the Company and remuneration packages of the directors and the senior management for the year under review.

NOMINATION COMMITTEE

There is no Nomination Committee under the Board of the Company. The task of nominating directors is directly dealt with by the Board as appropriate. During the year, there was no newly-appointed directors to the Board and there was one meeting of the Board held for the purpose of nominating the retiring directors for re-election at the Company's annual general meeting convened on 2 June 2010.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-Executive Directors of the Company. It has reviewed with management the accounting policies and practice adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the consolidated financial statements for the year ended 31 December 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in Appendix 14 Code on Corporate Governance Practices (the "CG Code") of the Listing Rules throughout the year ended 31 December 2010, except for certain deviations as explained below. The Company has also put in place certain Recommended Best Practices as set out in the CG Code.

a) The roles of the chairman and chief executive officer have not been separated. The deviation is deemed appropriate as the Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It also considers that the current structure does not impair the balance of power and authority between the Board and the management of the Company.

b) The independent non-executive directors have not been appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye Laws.

The Company has also put in place certain Recommended Best Practices as set out in the CG Code.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere thanks to the Board members, the management and our employees for their hard work, loyalty and continued support. We treasure their commitments as a key motivator of the Group's long-term development and success.

PUBLICATION OF THE 2010 ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's annual report for 2010 will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.sinogolf.com in due course.

By order of the Board
Chu Chun Man, Augustine
Chairman

Hong Kong, 30 March 2011

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