



SINO GOLF HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001

The Board of Directors (the "Board") of Sino Golf Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2001, together with the comparative figures for the corresponding period in 2000 as set out below:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		For the six months ended 30 September	
		2001 (unaudited)	Pro forma 2000 (unaudited, restated)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER	3	86,320	144,657
Cost of sales		(64,142)	(99,568)
Gross profit		22,178	45,089
Other revenue		2,810	1,744
Selling and distribution costs		(4,475)	(5,414)
Administrative expenses		(8,186)	(7,512)
Other operating expenses		(2,126)	(2,835)
PROFIT FROM OPERATING ACTIVITIES		10,201	31,072

Finance costs		(3,789)	(5,786)
PROFIT BEFORE TAX	4	6,412	25,286
Tax	5	(513)	(2,000)
PROFIT BEFORE MINORITY INTERESTS		5,899	23,286
Minority interests		-	(11)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		5,899	23,275
Dividends	6	-	26,500
EARNINGS PER SHARE			
- Basic (HK cents)	7	1.96	10.34

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Presentation and Accounting Policies

The Company was incorporated as an exempted company with limited liability in Bermuda on 8 August 2000 under the Companies Act 1981 of Bermuda. Its shares have been listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 20 December 2000.

The unaudited condensed interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice 25 "Interim Financial Reporting" ("SSAP 25") 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. Except as described in note 2 below, the accounting policies adopted in the preparation of these unaudited condensed interim financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 March 2001.

The consolidated results of the Group for the six months ended 30

September 2000 have been prepared on the basis of merger accounting which include the results of the Company and its subsidiaries resulting from the reorganisation (in preparation for the listing of the Company's shares on the Stock Exchange as specified in the Company's 2001 annual report) with effect from 1 April 2000 or since their respective dates of incorporation/acquisition, where this is a shorter period.

2. Impact of New and Revised Statements of Standard Accounting Practice ("SSAPs")

The following is a summary of new and revised SSAPs which have been adopted in the preparation of the current period's financial statements.

SSAP 9 (revised)	:	Events After the Balance Sheet Date
SSAP 14 (revised)	:	Leases
SSAP 28	:	Provisions, Contingent Liabilities and Contingent Assets
SSAP 29	:	Intangible Assets
SSAP 30	:	Business Combinations
SSAP 31	:	Impairment of Assets
SSAP 32	:	Consolidated Financial Statements and Accounting for Investments in Subsidiaries

In accordance with SSAP 30, goodwill arising on acquisition on or after 1 April 2001 is capitalised in the balance sheet and is amortised to the profit and loss account over its estimated useful life not exceeding eight years since the date of acquisition.

The comparative amounts are adjusted for the treatment of goodwill as further explained below.

Prior period adjustments

In accordance with the transitional provision of SSAP 30, an adjustment has been made concerning the capitalisation of goodwill in the balance sheet and amortised to the profit and loss account over its estimated useful life. The adjustment, which represents a change in accounting policy, has been applied retrospectively in accordance with SSAP 2 "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies".

As a result, goodwill in the amount of HK\$3,547,000 has been restated in the balance sheet as at 31 March 2001 and the retained profit brought forward from 31 March 2001 has been decreased correspondently.

3. Turnover

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

An analysis of the Group's turnover by geographical area of its shipments is as follows:

	For the six months ended 30 September	
	2001 (unaudited) HK\$'000	Pro forma 2000 (unaudited) HK\$'000
North America	66,119	95,003
Europe	9,361	29,204
Japan	4,921	3,112
Asia (excluding Japan)	2,805	11,022
Others	3,114	6,316
	86,320	144,657

4. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 September	
	2001 (unaudited) HK\$'000	pro forma 2000 (unaudited, restated) HK\$'000

Depreciation:		
Owned fixed assets	4,304	3,531
Leased fixed assets	521	555
	4,825	4,086
Amortisation of goodwill	268	-
Loss on disposal of fixed assets	188	-
Interest on bank loans, overdrafts and other loans wholly repayable within five years	3,017	4,743
Interest on finance leases and hire purchase contracts	102	141
Bank charges	670	902
Total finance costs	3,789	5,786
Interest income	(547)	(443)

5. Tax

Hong Kong profits tax has been provided at the rate of 16% (2000: 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.

For the six months ended 30 September

	2001 (unaudited) HK\$'000	Pro forma 2000 (unaudited) HK\$'000
Provision for the period:		
Hong Kong	513	1,800
Deferred tax	-	200

Tax charge for the period	513	2,000
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6. Dividends

The Board does not recommend the payment of any interim dividend for the Company in respect of the six months ended 30 September 2001.

The amount in the comparative period represents the dividend declared by Sino Golf Manufacturing Company Limited, a wholly-owned subsidiary of the Company prior to the listing of the Company's shares on the Stock Exchange.

7. Earnings Per Share

The calculation of earnings per share is based on the net profit from ordinary activities attributable to shareholders for the period of HK\$5,899,000 and on the weighted average of 300,914,000 ordinary shares in issue during the period ended 30 September 2001.

The calculation of earnings per share in the comparative period is based on the pro forma net profit from ordinary activities attributable to shareholders for the period of HK\$23,275,000 and on the weighted average of 225,000,000 shares in issue during the period ended 30 September 2000, as if the capitalisation issue of 223,000,000 shares made to the existing shareholders of the Company upon the completion of the public offer and the placing of 75,000,000 shares in the Company had been issued from the respective dates the related existing shares were issued.

No diluted earnings per share are presented because the Company had no potentially dilutive shares.

8. Subsequent Events

On 1 October 2001, Sino Golf Manufacturing Company Limited, a wholly-owned subsidiary of the Company, entered into an agreement for the acquisition of 51% equity interest in CTB Golf (HK) Limited from an independent third party for a total consideration of approximately HK\$10,200,000.

On 25 October 2001, the Group set up two companies, Sino US Holding Company LLC ("Sino US") and Sino CTB Company LLC ("Sino CTB") in the United States. The principal activities of Sino US and Sino CTB are golf clubs repairing and golf bags assembly, respectively. The Group owns 100% and 51% equity interest of Sino US and Sino CTB, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Affected by the global sluggish economy, the Group's turnover and net profit from ordinary activities attributable to shareholders declined to HK\$86,320,000.00 and HK\$5,899,000.00 respectively for the six months ended 30 September 2001 (30 September, 2000: HK\$144,657,000 and HK\$23,275,000, respectively). Despite a number of United States interest rate cuts since early this year, the Group's product sales still resulted in a slowdown as golf club equipment companies continue to reduce their inventories from last year and adopted a cautious and reserved manner when placing orders because of economic uncertainty.

The September 11 Tragedy further dampened the United States economy. The impact on the Group's OEM golf club equipment orders has however been relatively moderate. The Group's 2001 4th quarter and 2002 1st quarter business will on the contrary benefit from the speeding up in pace of outsourcing of club equipment production from increasing number of companies to reduce costs to turn themselves more competitive. The Group projects substantial growth and improvement of its business performance from the first half for the second half of current financial year.

Business Outlook

In order to further enhance production efficiency, product quality and to provide better customer services, from the beginning of this year, our Group has been aggressively upgrading our production facilities for our factories in Mainland China. More resources have been put to improve the research and development and product engineering areas and we have brought in a number of advanced equipment and devices to more precisely and thoroughly control and enhance our product quality and performance. Our Group is one of the very few OEM manufacturers in Mainland China equipped with these engineering and

testing facilities. Our customers highly value these capabilities which will help our business extensively as it develops. In addition, to reduce our production costs and further vertically integrate ourselves to provide a one-stop turnkey service to our customers, the Group has established various joint ventures in the period in Shunde, the PRC and the United States, of which we own 62.5% and 51% respectively of these joint ventures engaging in forged golf heads and golf bags production. We expect to commence operation with full production in January 2002 and we are confident that these operations will bring significant profit growth contribution to the Group down the road.

To ensure continuous growth in our turnover and profit for the future, apart from continuing to develop OEM golf club equipment production business, we will further expand our 'one-stop shop' golf equipment supply business. We will also aggressively explore new venture opportunities to continuously enhance our Group's efficiency and profitability. As golf sport is becoming more popular, there is a high growing demand for golf equipment and related products. There is huge growing potential in the marketplace as long as we continue to provide customer oriented high quality golf equipment products and services. The Board firmly believes the slowdown in our Group's profit for the first half year is only temporary and maintains an optimistic view for the Group's operation and operating profit for the future.

Liquidity and Financial Resources

Net asset value of the Group as at 30 September 2001 amounted to HK\$159 million (31 March 2001: 173 million), net asset value per share was HK\$0.53 (31 March 2001: HK\$0.58).

The Group mainly financed its operations by cash generated from its business activities and ongoing banking facilities provided by its bankers. Cash and bank balances for the Group as at 30 September 2001 amounted to HK\$53.6 million (31 March 2001: HK\$64 million). Among these balances, approximately HK\$12 million of cash inflow was generated from its operating activities during the period. The current ratio and quick ratio were 1.78:1 (31 March 2001: 1.95:1) and 1.32:1 (31 March 2001: 1.58:1), respectively, and it reflects a relatively healthy liquidity level.

The Group's total bank borrowings as at 30 September 2001 amounted to HK\$61 million (31 March 2001: HK\$52 million) which were secured by the Group's

land and buildings and the plant and machinery of approximately HK\$23 million.

The Group's gearing ratio as at 30 September 2001 was 0.35 (31 March 2001:0.35), calculated based on the Group's total debts of HK\$88,681,000 (31 March 2001: HK\$91,108,000) over total assets of HK\$251,826,000 (31 March 2001: HK\$264,006,000).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITY

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

CODE OF BEST PRACTICE

None of the Directors 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 2001 in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

DETAILED RESULTS ANNOUNCEMENT ON THE WEBSITE OF THE STOCK EXCHANGE

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be subsequently published on the website of the Stock Exchange in due course.

By order of the Board
Chu Chun Man, Augustine
Chairman

Hong Kong, 27 December 2001

"Please also refer to the published version of this announcement in the Hong Kong i-mail"