SINO GOLF HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM RESULTS

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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 June 2003, together with the comparative figures for the six months ended 30 September 2002 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended	
		30 June 2003 (unaudited)	30 September 2002 (unaudited)
	Notes	***HK\$'000***	*HK\$'000*
TURNOVER	*4*	**200,377**	146,754
Cost of sales		**(139,069)**	(98,223)
Gross profit		**61,308**	48,531
Other revenue		**8,129**	2,443
Selling and distribution costs		**(7,798)**	(6,117)
Administrative expenses		**(23,576)**	(20,540)
Other operating expenses		**(5,798)**	(4,024)
PROFIT FROM OPERATING ACTIVITIES	*5*	**32,265**	20,293
Finance costs	*6*	**(4,823)**	(3,492)
PROFIT BEFORE TAX		**27,442**	16,801
Tax	*7*	**(2,220)**	(1,096)
PROFIT BEFORE MINORITY INTERESTS		**25,222**	15,705
Minority interests		**(592)**	(2,058)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**24,630**	13,647

Interim dividend	*8*	**14,506**	13,599
EARNINGS PER SHARE			
– Basic (HK cents)	*9*	**8.15**	4.52

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

The unaudited condensed consolidated interim financial statements have been 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 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"). Except as described in note 2 below, the accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's audited financial statements for the nine months ended 31 December 2002.

Change of financial year end date

Pursuant to an ordinary resolution passed at the Company's annual general meeting held on 7 August 2002, the financial year end date of the Group has been changed from 31 March to 31 December. The change has been made to standardise the reporting dates of all subsidiaries within the Group. The current period's financial statements are prepared for the six months ended 30 June 2003 and the comparative amounts for the condensed consolidated profit and loss account, condensed consolidated summary statement of changes in equity, condensed consolidated cash flow statement and the related notes, which are prepared for the six months ended 30 September 2002, are not comparable.

2. Impact of Revised SSAP

SSAP 12 (Revised) "Income Taxes" principally prescribes the accounting treatment and disclosures for deferred tax. In prior years, deferred tax is provided using the income statement liability method on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt. SSAP 12 (Revised) requires the adoption of the balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively.

This change in accounting policy has resulted in an increase in the Group's deferred tax liability as at 30 June 2003 and 31 December 2002 by HK$2,713,000, a decrease in the Group's fixed asset revaluation reserve as at 30 June 2003 and 31 December 2002 by HK$2,185,000 and a decrease in the Group's retained profits as at 1 January 2003 and 1 April 2002 by HK$528,000. Such change had no material effect on the Group's results for the six months ended 30 June 2003 and the nine months ended 31 December 2002.

3. Segment Information

The following tables present revenue and results by business and geographical segments for the six months ended 30 June 2003.

(a) Business segments

	Golf equipment Six months ended		Golf bag Six months ended		Eliminations Six months ended		Consolidated Six months ended	
	30 June 2003 (unaudited)	30 September 2002 (unaudited)	**30 June 2003 (unaudited)**	30 September 2002 (unaudited)	**30 June 2003 (unaudited)**	30 September 2002 (unaudited)	**30 June 2003 (unaudited)**	30 September 2002 (unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**159,211**	118,386	**41,166**	28,368	**–**	–	**200,377**	146,754
Intersegment revenue	**2,921**	–	**7,718**	9,378	**(10,639)**	(9,378)	**–**	–
Other revenue	**7,964**	2,047	**(38)**	143	**–**	–	**7,926**	2,190
Total	**170,096**	120,433	**48,846**	37,889	**(10,639)**	(9,378)	**208,303**	148,944
Segment results	**31,817**	18,727	**245**	1,313			**32,062**	20,040
Interest income							**203**	253
Profit from operating activities							**32,265**	20,293
Finance costs							**(4,823)**	(3,492)
Profit before tax							**27,442**	16,801
Tax							**(2,220)**	(1,096)
Profit before minority interests							**25,222**	15,705
Minority interests							**(592)**	(2,058)
Net profit from ordinary activities attributable to shareholders							**24,630**	13,647

(b) Geographical segments

	Six months ended	
	30 June 2003 (unaudited)	30 September 2002 (unaudited)
	HK$'000	*HK$'000*
Segment Revenue: sales to external customers		
North America	**155,085**	103,794
Europe	**8,676**	19,114
Asia (excluding Japan)	**16,745**	6,766
Japan	**14,983**	9,674
Others	**4,888**	7,406
	200,377	146,754

4. Turnover

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

5. Profit from Operating Activities

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

	Six months ended	
	30 June	30 September
	2003	2002
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Depreciation	**7,453**	7,049
Amortisation of goodwill	**1,068**	541
Loss/(gain) on disposal of fixed assets	**4**	(4)
Loss on partial disposal of a subsidiary	**–**	148
Interest income	**(203)**	(253)

6. Finance Costs

	Six months ended	
	30 June	30 September
	2003	2002
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**3,014**	2,615
Interest on finance leases	**25**	45
Total interest expenses	**3,039**	2,660
Bank charges	**1,784**	832
Total finance costs	**4,823**	3,492

7. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (period ended 30 September 2002: 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.

	Six months ended	
	30 June	30 September
	2003	2002
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Provision for the period:		
Hong Kong	**2,220**	1,096

8. Interim Dividend

	Six months ended 30 June 2003 (unaudited) *HK$'000*	Six months ended 30 September 2002 (unaudited) *HK$'000*
Interim dividend of HK4.8 cents (period ended 30 September 2002: HK4.5 cents) per ordinary share	**14,506**	13,599

9. 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$24,630,000 (period ended 30 September 2002: HK$13,647,000) and on the weighted average of 302,200,000 (period ended 30 September 2002: 302,200,000) ordinary shares in issue during the periods.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospect

Our Group has experienced encouraging growth for both the sales of golf clubs and golf bags during the six months ended 30 June 2003. The outsourcing of golf club equipment manufacturing from the developed markets of the North America and Europe continued to act as a major contributing factor for the satisfactory performance of the golf clubs and accessories segment. Besides, the synergy effect brought about by the network of the golf club business has led to a persistent surge in golf bag sales.

Total turnover for the period aggregated to HK$200,377,000 representing a 36.5% increase from the turnover of HK$146,754,000 for the preceding comparative period that covered the six months ended 30 September 2002.

Profit from operating activities and net profit attributable to shareholders amounted to HK$32,265,000 and HK$24,630,000, respectively. Both performance parameters have demonstrated a remarkable improvement.

Sales of golf club equipment and golf bags accounted for 79.5% and 20.5% respectively of the turnover for the period. Though representing a minor portion, the proportion of golf bag sales to total turnover has increased steadily since acquisition by our Group. With the benefit of our Group's business contacts, the golf bag segment has been able to secure extra orders on top of its own expansion and growth momentum. Upon the commencement of the new factory operation in early 2004, it is anticipated that the growth of golf bag sales will accelerate further when the production capacity is increased to approximately one million units per annum, nearly triples the existing capacity. The golf bag margin will also be improved due to a better economy of scale and less subcontracting work granted to fulfill the orders undertaken.

During the period, our Group's golf club sales have achieved a double-digit growth rate. The substantial growth in golf club sales has been attributable to the outstanding performance from some existing and new customers whose products have been highly recognised and selling well in the market. The management considers this a direct consequence of our Group's emphasis on persistent investments in research and development and product testing programs. The quality of our products has proven to have been significantly enhanced in recent years. The golf club business remains the most important segment that contributes substantially to our Group's turnover and profitability.

Geographically, the North America continues to be the largest geographical segment that accounts for approximately 77.4% of the Group's total turnover for the period. Europe, Japan, and other countries in turn contributes 4.3%, 7.5% and 10.8% respectively of the Group's total turnover. Among these three geographical regions, Japan is the market possessing much potential for our Group's development as relatively little effort has been devoted in prior years to explore this largest market in Asia. The management considers it the right timing and intends to further develop this market and promote sales in the coming years. On the other hand, turnover generated from the North America region has shown consistent growth at a double-digit rate from last period.

Strategically, our Group has successfully strengthened and extended its client portfolio by continuously picking up new customers of great potential. Our ability to provide high quality products and value-added services has enhanced the Group's relative advantage and allows us to compete favorably in the market. With the synergy effect and the anticipated expansion in production capacity, the golf bag business is expected to demonstrate a steady trend of remarkable growth for the coming years. Based on the current order book status and market projection, the directors are reasonably optimistic about the business for the second half year of 2003.

Liquidity and Financial Resources

Our Group generally finances its operations through internally generated funds and facilities provided by its principal bankers and other financial institutions. Following the conclusion of a three-year syndicated loan facility of HK$105 million in March 2003, the Group's liquidity and financing structure have been further strengthened and rationalised. The syndicated loan is repayable by three installments of HK$20 million; HK$30 million and HK$55 million at the 24th month; 30th month and 36th month of the loan agreement date respectively. The Group has also entered into interest rate swap contracts to hedge the interest cost over the loan period.

Cash and bank balances as at 30 June 2003 amounted to HK$88.3 million (31 December 2002: HK$44.7 million). The proceeds from the drawdown of the syndicated loan have been partly utilised to repay certain short term bank loans and import finances with the remaining balance placed as time deposit.

The adoption of prudent and effective treasury policies has enabled the Group to continually maintain a strong and healthy financial position during the period. At 30 June 2003, the net assets of the Group amounted to approximately HK$175.7 million (31 December 2002: HK$162.8 million as restated). Total borrowings from banks and financial institutions amounted to approximately HK$144.1 million as at 30 June 2003, all borrowings are installment loans or short term finances repayable within one year except for the syndicated loan of HK$105 million. The Group's gearing ratio as at 30 June 2003, defined as the total bank borrowings and finance lease payables less time deposit of approximately HK$94.1 million divided by the shareholders' equity of approximately HK$175.7 million, was 53.6% (31 December 2002: 62.2% as restated), representing a decrease of 13.8% from last year. On the other hand, the Group's current ratio and quick ratio were 2.56 (31 December 2002: 1.38) and 1.84 (31 December 2002: 0.85) respectively. Both ratios have been substantially improved as a result of the conclusion of the syndicated loan.

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

There has been no material change in the number of employees of the Group compared to that of the last financial year end. The employees were remunerated based on their performance; expertise and experience taking also into account 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.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The directors have declared an interim dividend of HK4.8 cents per share for the six months ended 30 June 2003 payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 26 September 2003. The Register of Members will be closed from Monday, 29 September 2003 to Tuesday, 30 September 2003, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 26 September 2003.

AUDIT COMMITTEE

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2003.

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 June 2003 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, 11 September 2003

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