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 2015

The board (the "Board") of directors (the "Directors") 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 2015, together with the comparative figures for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

		2015	2014
	NOTES	***HK$'000***	*HK$'000*
Revenue	*4*	**261,766**	400,962
Cost of sales		**(240,102)**	(328,546)
Gross profit		**21,664**	72,416
Other operating income	*4*	**1,857**	2,099
Gain on disposal of a subsidiary		**93**	–
Write-off of inventories		**(31,671)**	–
Selling and distribution expenses		**(3,736)**	(4,790)
Administrative expenses		**(59,053)**	(53,415)
Impairment loss on goodwill		**(14,820)**	–
Finance costs	*5*	**(5,402)**	(7,591)
(Loss) profit before tax		**(91,068)**	8,719
Income tax expense	*6*	**–**	(424)
(Loss) profit for the year	*7*	**(91,068)**	8,295

* *for identification purpose only*

	NOTE	2015 HK$'000	2014 HK$'000
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(16,200)**	47
Exchange fluctuation reserve released on the deregistration of subsidiaries		**(96)**	–
Exchange fluctuation reserve released on the disposal of a subsidiary		**(14,983)**	–
		(31,279)	47
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of leasehold land and buildings under revaluation model		**489**	–
Deferred tax relating to leasehold land and buildings under revaluation model		**(122)**	90
		367	90
Other comprehensive (expense) income for the year		**(30,912)**	137
Total comprehensive (expense) income for the year		**(121,980)**	8,432
(Loss) profit for the year attributable to:			
Owners of the Company		**(91,068)**	8,295
Non-controlling interests		**–**	–
		(91,068)	8,295
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(121,980)**	8,432
Non-controlling interests		**–**	–
		(121,980)	8,432
		HK cents	*HK cents* (Restated)
(LOSS) EARNINGS PER SHARE			
Basic and diluted	*8*	**(3.91)**	0.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**135,518**	205,908
Prepaid lease payments		**9,032**	9,929
Goodwill		**–**	14,820
Club debentures		**2,897**	2,897
Pledged bank deposit		**639**	–
Deposits and other receivables		**625**	270
Prepayments for the acquisition of property, plant and equipment		**740**	627
		149,451	234,451
Current assets			
Inventories		**119,841**	170,219
Trade and other receivables	*10*	**56,414**	41,935
Prepaid lease payments		**336**	368
Short-term bank deposit		**602**	–
Bank balances and cash		**17,063**	16,676
		194,256	229,198
Current liabilities			
Trade and other payables	*11*	**29,670**	35,224
Amounts due to non-controlling shareholders of a subsidiary		**–**	462
Amounts due to related companies		**59,684**	–
Amount due to a director		**–**	7,589
Tax payable		**160**	248
Bank and other borrowings		**78,494**	104,033
Obligations under finance leases		**–**	368
		168,008	147,924
Net current assets		**26,248**	81,274
Total assets less current liabilities		**175,699**	315,725

	NOTE	2015 HK$'000	2014 HK$'000
Non-current liability			
Deferred tax liabilities		**343**	2,440
Net assets		**175,356**	313,285
Capital and reserves			
Share capital	*12*	**46,805**	46,005
Reserves		**125,821**	264,879
Equity attributable to owners of the Company		**172,626**	310,884
Non-controlling interests		**2,730**	2,401
Total equity		**175,356**	313,285

Notes:

1. BASIS OF PREPARATION

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 (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain leasehold land and buildings that are measured at revalued amounts.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

2. APPLICATION OF NEW AND REVISED HKFRSs AND NEW HONG KONG COMPANIES ORDINANCE

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and interpretations ("Int(s)"), issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective.

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
Amendment to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2018.
[3] Effective date not yet been determined.

3. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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 revenue 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	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**218,574**	354,701	**43,192**	46,261	**–**	–	**261,766**	400,962
Inter-segment sales	**–**	–	**3,799**	7,155	**(3,799)**	(7,155)	**–**	–
Other operating income	**1,179**	1,684	**380**	495	**–**	(227)	**1,559**	1,952
Total	**219,753**	356,385	**47,371**	53,911	**(3,799)**	(7,382)	**263,325**	402,914
Segment results	**(69,492)**	20,622	**(9,608)**	2,084			**(79,100)**	22,706
Interest income							**23**	64
Gain on deregistration of subsidiaries							**275**	–
Gain on disposal of assets classified as held for sale							**–**	83
Gain on disposal of a subsidiary							**93**	–
Impairment loss on club debentures							**–**	(500)
Unallocated corporate expenses							**(6,957)**	(6,043)
Finance costs							**(5,402)**	(7,591)
(Loss) profit before tax							**(91,068)**	8,719

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit earned (loss incurred) by each segment without allocation of interest income, gain on deregistration of subsidiaries, gain on disposal of assets classified as held for sale, gain on disposal of a subsidiary, impairment loss on club debentures, central administration costs, directors' emoluments 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	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities						
Segment assets	**309,046**	417,863	**13,193**	25,726	**322,239**	443,589
Unallocated corporate assets						
– Club debentures					**2,897**	2,897
– Bank balances and cash					**17,063**	16,676
– Others					**1,508**	487
Total assets					**343,707**	463,649
Segment liabilities	**20,490**	19,454	**5,366**	15,634	**25,856**	35,088
Unallocated corporate liabilities						
– Amounts due to non-controlling shareholders of a subsidiary					**–**	462
– Amounts due to related companies					**59,684**	–
– Amount due to a director					**–**	7,589
– Tax payable					**160**	248
– Bank and other borrowings					**78,494**	104,033
– Obligations under finance leases					**–**	368
– Deferred tax liabilities					**343**	2,440
– Others					**3,814**	136
Total liabilities					**168,351**	150,364

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

- all assets are allocated to operating segments other than club debentures, bank balances and cash, certain other receivables and plant and equipment for central administrative purpose. 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 operating segments other than amounts due to non-controlling shareholders of a subsidiary, amounts due to related companies, amount due to a director, tax payable, bank and other borrowings, obligations under finance leases, deferred tax liabilities and certain other payables. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(c) Geographical information

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

Information about the Group's revenue from external customers is presented based on the geographical location of shipment.

	Revenue from external customers	
	2015	2014
	HK$'000	*HK$'000*
North America	**102,534**	212,019
Japan	**93,803**	94,779
Europe	**27,816**	36,854
Asia (excluding Japan)	**26,002**	39,135
Others	**11,611**	18,175
	261,766	400,962

Information about the Group's non-current assets, other than pledged bank deposit and deposits and other receivables, is presented based on the geographical location of the assets.

	2015	2014
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC")	**143,809**	220,540
Hong Kong (country of domicile)	**4,378**	13,641
	148,187	234,181

(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		Unallocated		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Additions to non–current assets *(note)*	**4,574**	14,516	**663**	559	**435**	–	**5,672**	15,075
Amortisation of prepaid lease payments	**336**	368	**–**	–	**–**	–	**336**	368
Impairment loss recognised in respect of trade receivables	**–**	–	**1**	–	**–**	–	**1**	–
Write–off of inventories	**28,671**	–	**3,000**	–	**–**	–	**31,671**	–
Depreciation of property, plant and equipment	**11,069**	12,690	**1,187**	2,148	**22**	–	**12,278**	14,838
Impairment loss on goodwill	**6,824**	–	**7,996**	–	**–**	–	**14,820**	–
Loss (gain) on disposal of property, plant and equipment	**3,196**	(581)	**640**	–	**–**	–	**3,836**	(581)

Note: Non-current assets included property, plant and equipment and prepayments for the acquisition of property, plant and equipment.

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

For the year ended 31 December

	Golf equipment		Golf bags		Unallocated		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest income	**(18)**	(60)	**(5)**	(4)	**–**	–	**(23)**	(64)
Gain on deregistration of subsidiaries	**–**	–	**–**	–	**(275)**	–	**(275)**	–
Gain on disposal of assets classified as held for sale	**–**	–	**–**	–	**–**	(83)	**–**	(83)
Gain on disposal of a subsidiary	**(93)**	–	**–**	–	**–**	–	**(93)**	–
Finance costs	**5,130**	7,357	**196**	234	**76**	–	**5,402**	7,591
Impairment loss on club debenture	**–**	–	**–**	–	**–**	500	**–**	500
Income tax expense	**–**	424	**–**	–	**–**	–	**–**	424

(e) Information about major customers

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

	Revenue generated from	2015 HK$'000	2014 HK$'000
Customer A	Golf equipment	**N/A[1]**	125,163
Customer B	Golf equipment	**103,748**	119,461
Customer C	Golf equipment	**63,974**	70,911

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. REVENUE AND OTHER OPERATING INCOME

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

Analysis of the Group's revenue and other operating income for the year is as follows:

	2015 HK$'000	2014 HK$'000
Revenue:		
Sales of golf equipment and related components and parts	**218,574**	354,701
Sales of golf bags, other accessories and related components and parts	**43,192**	46,261
	261,766	400,962
Other operating income:		
Interest income	**23**	64
Sale of scrap materials	**237**	118
Sample income	**519**	175
Tooling income	**322**	315
Gain on disposal of property, plant and equipment	**–**	581
Gain on disposal of assets classified as held for sale	**–**	83
Gain on deregistration of subsidiaries	**275**	–
Sundry income	**481**	763
	1,857	2,099

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Factoring charges	**788**	2,788
Interest expenses on:		
– bank overdrafts	**26**	40
– bank and other borrowings	**5,502**	5,378
– advances from a director	**196**	337
– obligations under finance leases	**4**	33
Total borrowing costs	**6,516**	8,576
Less: amount capitalised *(note)*	**(1,114)**	(985)
	5,402	7,591

Note: Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.00% (2014: 6.00%) per annum to expenditure on qualifying assets.

6. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current	**–**	160
PRC Enterprise Income Tax Income ("EIT")		
– Underprovision in prior years	**–**	43
	–	203
Deferred tax		
– Current	**–**	221
	–	424

(i) No provision for Hong Kong Profits Tax has been made for the current year as there are no assessable profits generated or the estimated assessable profit has been net of tax losses brought forward from previous years for the year ended 31 December 2015.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2014.

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 the PRC subsidiaries is 25% from 1 January 2008 onwards.

No provision for EIT for certain PRC subsidiaries as they did not have any assessable profits subject to EIT or the assessable profit is wholly absorbed by tax losses brought forward.

iii) Under Decree-Law no. 58/99/M, Sino Golf Commercial Offshore De Macau Limitada, a Macau subsidiary incorporated under that Law is exempted from Macau Complementary tax as it satisfies the relevant conditions as specified in the Law.

iv) The Group is not subject to taxation in other jurisdiction.

7. (LOSS) PROFIT FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Staff cost (including directors' and chief executive's emoluments):		
Salaries, wages and other benefits in kind	**84,467**	105,861
Retirement benefits schemes contributions	**7,812**	9,555
Compensation for lay-down of employees	**6,646**	–
Total staff cost	**98,925**	115,416
Amortisation of prepaid lease payments	**336**	368
Auditors' remuneration	**1,094**	1,230
Impairment loss recognised in respect of trade receivables	**1**	–
Cost of inventories sold	**240,102**	328,546
Depreciation of property, plant and equipment	**12,278**	14,838
Exchange loss (net)	**755**	159
Loss on disposal of property, plant and equipment	**3,836**	–
Impairment loss on club debentures	**–**	500
Impairment loss on goodwill	**14,820**	–
Operating leases rentals in respect of land and buildings	**4,158**	3,758
Research and development costs recognised as an expense	**1,055**	1,106
Write-off of inventories *(note)*	**31,671**	–

Note: During the year ended 31 December 2015, as a result of the reallocation of the production factory, the Group had conducted a review on the inventories and write-off of inventories of approximately HK$31,671,000 (2014: Nil) was incurred and reflected in the consolidated financial statements.

8. (LOSS) EARNINGS PER SHARE

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

	2015	2014
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted earnings per share	**(91,068)**	8,295

	2015	2014
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**2,328,634**	2,300,250
Effect of dilutive potential ordinary shares:		
Share options	**–**	19,389
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**2,328,634**	2,319,639

The computation of diluted loss per share for the year ended 31 December 2015 does not assume the conversion of the Company's share options since their exercise would result in a decrease in loss per share.

9. DIVIDENDS

No dividends were paid, declared or proposed during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: Nil).

10. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**29,802**	16,377
Less: allowance for impairment of trade receivables	**(1)**	(2)
	29,801	16,375
Prepayments	**5,043**	626
Other receivables	**17,325**	20,403
Prepayments to suppliers	**4,245**	4,531
	26,613	25,560
	56,414	41,935

The Group does not hold any collateral over these balances.

i) 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 60 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

ii) The following is an aged analysis of trade receivables (net of impairment loss) of the Group presented based on the invoice date, which approximates the respective revenue recognition date, at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	**24,516**	10,996
31 to 90 days	**5,023**	5,369
91 to 180 days	**262**	10
	29,801	16,375

11. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade and bills payables	**25,637**	31,820
Customers' deposits received	**473**	1,065
Accruals and other payables	**3,560**	2,339
	29,670	35,224

i) The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2015	2014
	HK$'000	*HK$'000*
0 to 90 days	**19,365**	20,056
91 to 180 days	**5,279**	9,885
181 to 365 days	**266**	1,352
Over 365 days	**727**	527
	25,637	31,820

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.

ii) Included in trade and other payables are the following amounts denominated in the currency other than the functional currency of the entity to which they relate:

	2015	2014
	HK$'000	*HK$'000*
Renminbi (the "RMB")	**1,360**	1,962

12. SHARE CAPITAL

	Number of shares *'000*	Share capital *HK$'000*
Ordinary shares of HK$0.10 (2014: HK$0.10) each		
Authorised		
At 1 January 2014, 31 December 2014 and 31 December 2015	1,000,000	100,000
Issued and fully paid		
At 1 January 2014 and 31 December 2014	460,050	46,005
Exercise of share options *(note)*	8,000	800
At 31 December 2015	468,050	46,805

Note: On 17 April 2015, 8,000,000 share options with exercise price of HK$0.37 per ordinary share were exercised to subscribe 8,000,000 ordinary shares of the Company at a consideration of HK$2,960,000. HK$800,000 were credited to share capital, while remaining consideration of HK$2,160,000 and the reversal of share options reserve of HK$731,000 upon exercise of share options, were credited to share premium.

13. CAPITAL COMMITMENTS

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

	2015 ***HK$'000***	2014 *HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Leasehold land and buildings	**84**	54
Plant and machinery	**1,468**	4,924
	1,552	4,978

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

During the year, the Group had been operating under a depressed golf market resulting in a significant downturn in business revenue. The golf equipment sales plummeted as the largest customer of the Group for the preceding year radically changed its procurement practice to place orders mainly to suppliers of its parent company upon a reorganisation of operations. Besides, shipments to other key customers of the golf equipment segment generally decreased in a volatile market with intense competition. In contrast, the golf bags business showed less fluctuation and recorded a moderate decline in the segment revenue.

The Group's revenue for the year ended 31 December 2015 decreased by approximately 34.7% to approximately HK$261,766,000 (2014: approximately HK$400,962,000). Loss for the year attributable to owners of the Company was approximately HK$91,068,000 in contrast to a profit of approximately HK$8,295,000 in 2014. The turnaround was mainly due to the depressed sales and the incurrence of exceptional expenditures. Basic and diluted loss per share were both approximately HK3.91 cents for the year (2014: restated basic and diluted earnings per share were both approximately HK0.36 cents).

GOLF EQUIPMENT BUSINESS

The golf equipment segment has continued to dominate as the main operating segment throughout the years and accounted for approximately 83.5% of the Group's revenue for the year (2014: approximately 88.5%). Hard hit by a reduction of shipments to major customers, the golf equipment sales decreased by approximately 38.4% to approximately HK$218,574,000 from approximately HK$354,701,000 in 2014.

During the year, sales to the largest segmental customer amounted to approximately HK$103,748,000 (2014: approximately HK$125,163,000, representing sales to a customer that ranked the third largest in the current year), representing approximately 47.5% (2014: approximately 35.3%) of the segment revenue or approximately 39.6% (2014: approximately 31.2%) of the Group's revenue for the year, respectively. Shipments to the largest segmental customer of the preceding year plummeted approximately 86.6% during the year to approximately HK$16,824,000 (2014: approximately HK$125,163,000) due to a change of its procurement practice to place orders mainly to suppliers of its parent company upon a reorganisation of operations. Revenue generated from the top five segmental customers diminished by approximately 39.5% to approximately HK$207,216,000 (2014: approximately HK$342,461,000), representing approximately 94.8% (2014: approximately 96.5%) of the segment revenue or approximately 79.2% (2014: approximately 85.4%) of the Group's revenue for the year, respectively. Notwithstanding the economic uncertainties, the Group is determined to persistently develop the golf equipment business through long-term cooperation with the existing customers as well as exploring business opportunities with other credible golf name brands with growth potential.

During the year, the Group accomplished the exercise to scale down the Guangdong manufacturing facility (i.e. Yong He facility) to further relocate the golf equipment production capacity to the Shandong manufacturing facility. The workforce of the Yong He facility was reduced from over 220 employees to about 20 employees in the current year for which the Group had made severance payments equivalent to approximately HK$6,646,000 upon laying off the redundant workers. During the process, certain plant and equipment had been retired and a loss on disposal of approximately HK$3,196,000 was recorded. Further, the Group had conducted a review to identify and dispose of off-season and impaired inventories of golf equipment in light of the curtailment of business and a loss of approximately HK$28,671,000 was incurred. In addition, an assessment of the existence of goodwill impairment was performed and an impairment loss of approximately HK$6,824,000 was recognised in respect of the goodwill attributable to the golf equipment segment. Currently, the Shandong manufacturing facility has about 1,020 employees and is responsible for substantially the bulk of the golf equipment production of the Group taking advantages of attaining higher efficiency for production activities carried out in one integrated manufacturing set-up and the lower labour and operating cost structure available for operations in the northern part of the PRC.

Pursuant to the agreement entered into in 2013, the Group had completed the transaction during the year to transfer the equity interest in the subsidiary which holds the Yong He facility to the purchaser and recorded a gain of approximately HK$93,000 on disposal of the equity interest. The transaction facilitated to realise the redundant manufacturing capacity of the Group in Guangdong Province, the PRC in pursuit of further relocating production capacity to the Shandong manufacturing facility. The Group had delivered vacant possession of the Yong He facility to the purchaser and separately leased back certain factory area from the purchaser for conducting the reduced operations of golf equipment manufacturing at the same location.

As affected by the downturn in the international economy, the golf equipment business recorded a segment loss of approximately HK$69,492,000 for the year ended 31 December 2015 (2014: segment profit of approximately HK$20,622,000). In light of the economic uncertainties and having considered the current order book status, it is anticipated that the golf equipment business would stabilise in the ensuing year amid different challenges under a volatile and highly competitive market. To substantiate the long-term development, the Group is devoted to strengthening the customer relationship with diverse marketing initiatives for exploring new business opportunities. The management has maintained a positive view with prudence on the prospect of the golf equipment business.

GOLF BAGS BUSINESS

The golf bags business showed a growing trend during the first half of 2015 but slowed down in the second half year then to result in a yearly decrease in the segment revenue for 2015. The Group's revenue attributable to the golf bags segment, defined as comprising the sales of golf bags and accessories to external customers, decreased by approximately 6.6% to approximately HK$43,192,000 (2014: approximately HK$46,261,000), representing approximately 16.5% of the Group's revenue for the year (2014: approximately 11.5%). Total sales of the golf bags segment, before elimination of the inter-segmental sales of approximately HK$3,799,000 (2014: approximately HK$7,155,000), declined by approximately 12.0% in 2015 to approximately HK$46,991,000 (2014: approximately HK$53,416,000). The inter-segmental sales represented the golf bags produced as components for fulfilling the orders of golf club sets placed by customers with the golf equipment segment. The sales of golf club sets had been classified as the revenue of the golf equipment segment in accordance with the Group's accounting practice.

The segment revenue for the year comprised golf bags sales of approximately HK$30,465,000 (2014: approximately HK$35,430,000) and accessories sales mainly boston bags of approximately HK$12,727,000 (2014: approximately HK$10,831,000), representing approximately 70.5% (2014: approximately 76.6%) and approximately 29.5% (2014: approximately 23.4%) of the segment revenue, respectively. To optimise the operating costs, the Group had terminated the tenancy lease on the golf bags facility in Dongguan City of Guangdong Province, the PRC and rented a smaller industrial premises nearby for golf bags manufacturing during the second half of 2015. The arrangement would reduce the rental expenditure of the golf bags segment by approximately HK$1,157,000 per annum going forward. Incidental to the factory relocation, the Group had identified and disposed of some excess and impaired golf bags inventories and a loss of approximately HK$3,000,000 was recorded. During the movement process, certain plant and equipment of the original golf bags facility had been retired and a loss on disposal of approximately HK$640,000 was incurred. Besides, an assessment of the existence of goodwill impairment was performed in light of the reduced manufacturing scale and an impairment loss of approximately HK$7,996,000 was recognised in respect of the goodwill attributable to the golf bags segment.

Affected by the reduced sales and the incurrence of exceptional expenditures, the golf bags segment recorded a segment loss of approximately HK$9,608,000 for the year (2014: segment profit of approximately HK$2,084,000). In view of the stagnant market sentiment, the Group will consolidate the golf bags business and further streamline the operations to enhance efficiency in the ensuing year. Taking into consideration the current order book status and the volatile economy, the management has maintained a confident view with prudence on the outlook of the golf bags business amid the challenges lying ahead.

PROSPECTS

In view of the challenges in global economy, management of the Group maintains a prudent view with caution that the golf equipment and golf bags business will continue to operate under great challenges amidst intense competition.

The Shandong manufacturing facility facilitates to strengthen the Group's competitive edge through persistently enhancing the quality and productivity. It also enables the Group to constantly monitor and rationalise the manufacturing costs given a lower operating cost environment and more stable labor supply in the northern part of the PRC. The Group has endeavoured to explore business opportunities with other reputable golf name brands and increase cooperation to expand business with the existing customers to better serve and satisfy their needs. The management is determined to keep continuous awareness of the market changes and development to ensure it timely addresses any issues to protect and safeguard the Group's interests.

On the other hand, subsequent to the change of control in the shareholding of the Company on 30 June 2015, the Board has been exploring appropriate diversification business opportunities and/or investment to expand the revenue sources and enhance the long-term growth potential of the Group.

On 2 February 2016, Future Success Group Limited ("Future Success"), a wholly-owned subsidiary of the Company, and Top Force Ventures Limited ("Top Force"), an independent third party, entered into a sale and purchase agreement pursuant to which Future Success agreed to acquire from Top Force the entire equity interest in Lucky Fountain Holdings Limited (the "Target Company") at a consideration of approximately HK$235,700,000.

The Target Company is a company established in British Virgin Islands with limited liability, with its principal activities being investment holdings. The principal assets of the Target Company and its subsidiaries are the twelve land parcels located in Saipan with a total site area of approximately 79,529 square metres (the "Properties"). Saipan is an attractive market for golf related tourism and is home to a host of golf courses. The Properties are located in close proximity to those golf courses and management is in the preliminary view to proceed the development of hotel resorts and/or timeshare condominiums on the Properties in several phases. It is believed by the Board that the acquisition provides a unique opportunity to the Group to be positioned in the Saipan resort industry. As the conditions for completion have not been fully fulfilled by the Group, the acquisition is yet to be completed.

Looking ahead, the Group will continue to caution in its business approach, closely monitor the golf equipment and golf bags business and seize other growth opportunities to enhance competitiveness to strive for the best return to the shareholders.

DIVIDEND

The Board resolved not to recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 December 2015, bank balances and cash, which were mostly denominated in United States dollars, Hong Kong dollars and Renminbi, amounted to approximately HK$17,063,000 (2014: approximately HK$16,676,000). As at 31 December 2015, interest-bearing borrowings of the Group comprising bank borrowings, and obligations under finance leases aggregated to approximately HK$73,494,000 (2014: approximately HK$104,401,000), of which all were repayable within one year. For expansion of business activities, the Group drew down a loan from a third party amounting to HK$5,000,000 (2014: Nil) with interest bearing of 12% per annum and repayable within one year. Amounts due to related companies of approximately HK$59,684,000 (2014: Nil) were unsecured, non-interest bearing and repayable on demand.

As at 31 December 2015, the gearing ratio, defined as bank borrowings, loan from a third party and obligations under finance leases less bank balances and cash of approximately HK$61,431,000 divided by the shareholders' equity of approximately HK$169,834,000 was approximately 36.2% (2014: approximately 28.0%).

As at 31 December 2015, the total assets and the net asset value of the Group amounted to approximately HK$343,707,000 (2014: approximately HK$463,649,000) and approximately HK$175,356,000 (2014: approximately HK$313,285,000), respectively. Current and quick ratios as at 31 December 2015 were approximately 1.15 (2014: approximately 1.55) and approximately 0.44 (2014: 0.40), respectively. Both the current ratio and quick ratio were considered reasonable and the Group is devoted to continuing exploring possible means to further rationalise the financial position from time to time.

PLEDGE OF ASSETS

As at 31 December 2015, bank borrowings from certain PRC banks of approximately HK$73,494,000 (2014: approximately HK$78,205,000) were secured by property, plant and equipment and the prepaid lease payments of the Group with a carrying value of approximately HK$119,635,000 (2014: approximately HK$132,555,000). As at 31 December 2015, the Group had pledged bank deposit of RMB530,000 (equivalent to approximately HK$639,000) for a bank guarantee of RMB500,000 issued to the landlord of the Group's golf bags facilities (2014: Nil).

CAPITAL STRUCTURE

On 30 November 2015, the Company proposed to (i) implement capital reduction and sub-division of unissued shares ("Capital Reorganisation"); and (ii) issue bonus shares to the shareholders on the basis of four bonus shares for every one ordinary share after the Capital Reorganisation becoming effective held ("Bonus Issue"). Under the proposed Capital Reorganisation, the Company decided that paid-up capital of each of the issued shares would be reduced from HK$0.10 to HK$0.01 per issued share by cancelling the paid-up capital to the extent of HK$0.09 per issued share by way of a reduction of capital, so as to form new shares with par value of HK$0.01 each. Meanwhile, the credit arising from the Capital Reorganisation will be transferred to the contributed surplus account of the Company and approximately HK$42,125,000 will be applied for the Bonus Issue and the remainder will be applied for such purposes as permitted by the laws of Bermuda and the bye-laws of the Company and as the Board considered appropriate. The proposed resolutions were passed by shareholders of the Company on 6 January 2016. The bonus shares were issued on 22 January 2016. The Capital Reorganisation and Bonus Issue have been completed.

CHANGE OF CONTROLLING SHAREHOLDER

On 10 July 2015, the Company announced jointly with Surplus Excel Limited (the "Offeror") that a change of controlling shareholding in the Company had occurred by which CM Investment Company Limited and Fortune Belt Limited (the controlled corporations of Mr. Chu Chun Man Augustine, the controlling shareholder of the Company) entered into a sales and purchase agreement on 30 June 2015 to dispose of an aggregate 287,074,657 ordinary shares of the Company to the Offeror, representing approximately 61.33% of the entire issued share capital of the Company. The transaction was completed on the agreement date and the Offeror had subsequently completed a mandatory unconditional cash offer in September 2015 pursuant to Rule 26.1 of The Hong Kong Code on Takeovers and Mergers for all the issued shares of the Company other than those already owned by the Offeror and parties acting in concert with it. As a consequence, the Offeror additionally acquired a total of 45,876,214 ordinary shares of the Company from the shareholders accepting the offer and increased its shareholding in the Company to approximately 71.14% of the entire issued share capital of the Company.

On 29 October 2015, the Company announced that Surplus Excel Limited had entered into a placing agreement to place a total of 136,000,000 ordinary shares (representing approximately 29.06% of the entire issued share capital of the Company) at a price of HK$1.07 per placing share on the basis that none of the places shall become a substantial shareholder of the Company under the placement. The share placement was completed on 12 November 2015. Following which Surplus Excel Limited holds 196,950,871 ordinary shares (representing approximately 42.08% of the entire issued share capital of the Company) and remains the controlling shareholder of the Company.

Following the Bonus Issue, Surplus Excel Limited holds 984,754,355 ordinary shares, representing approximately 42.08% of the entire issued share capital of the Company.

INVESTMENT POSITION AND PLANNING

The Group entered into a sales and purchase agreement in 2013 with Guangzhou City Xiongtai Property Development Company Limited and had completed the transaction during the year for the disposal of its equity interest in 廣州市紳通貿易發展有限公司("廣州紳通"), an indirect wholly owned subsidiary of the Company, at a consideration of RMB28,000,000 (approximately equivalent to HK$35,897,000). A gain of approximately HK$93,000 was recognised and the resources were reallocated for working capital purpose upon the completion of disposal of 廣州紳通.

On 2 February 2016, a subsidiary of the Company as purchaser entered into a sale and purchase agreement with Top Force, an independent third party, as vendor. Pursuant to the terms of the sale and purchase agreement, the purchaser has agreed to acquire entire equity interest of Top Force and its subsidiaries at completion in an aggregate consideration of HK$235,700,000.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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. The Group is exposed to foreign currency risk due to the exchange rate fluctuation of RMB against Hong Kong dollars. The Group had not entered into any derivative contracts to hedge against the risk in the year of 2015. The Group will review and monitor its currency exposure from time to time and when appropriate hedge its currency risk.

CONTINGENT LIABILITIES

At 31 December 2015, a subsidiary had been named as defendant in a High Court action as a writ of summon was issued against it in April 2011 claiming for an amount of approximately HK$1,546,000 together with interest thereon and costs. The subsidiary has filed a full defense to this writ. In the opinion of the Directors, no provision for any potential liability has been made in the consolidated financial statements as the Group has pleaded reasonable chance of success in the defense.

At 31 December 2015, a subsidiary had been named as defendant as a summon from a local PRC court was served against the subsidiary in April 2015 pursuant to which a PRC company as plaintiff claimed against the subsidiary for a sum of approximately RMB1,366,000, equivalent to approximately HK$1,645,000 with damages of approximately RMB55,000, equivalent to approximately HK$66,000, together with interest thereon and costs. The proceedings are in process and the Directors are of the view that the subsidiary has reasonable chance of success in the defense, so that no provision for any potential liability has been made in the consolidated financial statements of the Group.

Other than as disclosed, the Group had no significant contingent liabilities as at 31 December 2015.

CAPITAL COMMITMENTS

As at 31 December 2015, the Group had capital commitments, which are contracted but not provided for, in respect of purchase of leasehold land and building and plant and machinery amounting to approximately HK$1,552,000 (2014: approximately HK$4,978,000).

EVENTS AFTER REPORTING PERIOD

Major Transaction-Acquisition of Lucky Fountain Holdings Limited

On 2 February 2016, Future Success and Top Force entered into a sale and purchase agreement pursuant to which Future Success agreed to acquire from Top Force the entire equity interest in the Target Company at a consideration of HK$235,700,000. Details of the transaction are set out in the Company's announcements dated 2 February 2016, 26 February 2015, 11 March 2015 and 24 March 2016.

Completion of Capital Reorganisation and Bonus Issue

In 2015, the Company proposed the Capital Reorganisation and the Bonus Issue. The proposed resolutions were passed by shareholders of the Company on 6 January 2016. The bonus shares were issued on 22 January 2016. The Capital Reorganisation and Bonus Issue have been completed. Details of the Capital Reorganisation and the Bonus Issue are set out in the Company's announcements dated 30 November 2015 and 6 January 2016 and the Company's circular dated 14 December 2015 respectively.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had approximately 1,250 employees located mainly in Hong Kong, Macau and the PRC. It is the Group's strategy to maintain a harmonious relation 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 market practices. The remuneration packages are reviewed annually to assure fairness and appropriateness and discretionary bonuses may be awarded to employees based on individual performance.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") has reviewed the accounting principles and practices adopted by the Group and discussed with the management regarding auditing, internal control and financial reporting matters. The Audit Committee has also reviewed the Group's results for the year ended 31 December 2015. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 December 2015.

CORPORATE GOVERNANCE

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") set out under Appendix 14 to the Listing Rules throughout the year ended 31 December 2015, 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) Code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. CHU Chun Man, Augustine acted as the Chairman of the Board and was also responsible for overseeing the general operations of the Group during the year up to 14 September 2015. Mr. WONG Hin Shek started to act as the Chairman of the Board from 14 September 2015 and took up the responsibility for overseeing the general operations of the Group from Mr. Chu since then. The Company does not have an office with the title "Chief Executive Officer". 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. The Board considers that the existing structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

b) Code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term, subject to re-election. 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.

c) Code provision A.6.7 of the CG Code requires that independent non-executive directors should attend the general meetings. Due to health reason, Mr. ZHU Shengli, a former independent non-executive Director, could not attend the Company's annual general meeting (the "AGM") held on 5 June 2015 but he had delegated to the company secretary of the Company to attend and act for his behalf at the AGM for sake of good corporate governance practice.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to 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 with 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 2015.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The procedures performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance has been expressed by SHINEWING (HK) CPA Limited on this preliminary announcement.

PUBLICATION OF THE 2015 ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's annual report for the year 2015 will be dispatched to the shareholders of the Company and published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.sinogolf.com in due course.

By order of the Board
Sino Golf Holdings Limited
WONG Hin Shek
Chairman

Hong Kong, 30 March 2016

As at the date of this announcement, the Board comprises Mr. WONG Hin Shek, Mr. ZHANG Yi and Mr. CHU Chun Man, Augustine, all being executive Directors; and Ms. CHU Yin Yin, Georgiana, Mr. YIP Tai Him and Mr. CHAN Kai Wing, all being independent non-executive Directors.