SINO GOLF HOLDINGS LIMITED
順龍控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 361)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007

FINANCIAL HIGHLIGHTS

Results	For the six months ended 30 June		
	2007	2006	Changes
	HK$'000	*HK$'000*	
Group turnover	**256,962**	280,675	-8.4%
from golf equipment segment	**176,465**	233,910	-24.6%
from golf bag segment	**80,497**	46,765	72.1%
Gross profit	**64,978**	79,759	-18.5%
EBITDA	**28,841**	37,392	-22.9%
Profit attributable to equity holders of the parent	**14,405**	23,261	-38.1%
	HK cents	*HK cents*	
Earnings per share attributable to ordinary equity holders of the parent			
– Basic	**4.77**	7.70	
– Diluted	**4.75**	N/A	
Interim dividend per share	**2.00**	3.30	

Golf Equipment Segment

- Short-term consolidation resulting in a temporary decline in shipments to the United States, rebound is expected during the second half of 2007 attributable to the regain of orders for the season ahead.
- Focusing on product innovation and customer services.
- Rationalizing output efficiency and administering stringent cost control.

Golf Bag Segment

- A key market player in the golf bag sector, achieving record high sales over HK$80 million during the first half of 2007.
- Sales of the non-Japan line of products increased with momentum while the Japan line of products continued to dominate the segment sales.
- SOE compliant qualification enhanced the Group's competitive advantage and helped bring in high profile customers.

INTERIM RESULTS

The Board of Directors (the "Board") of Sino Golf Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2007 which have been reviewed by the Company's audit committee, together with the comparative figures for the six months ended 30 June 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		For the six months ended 30 June	
		2007	2006
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**260,450**	282,114
Cost of sales		**(195,472)**	(202,355)
Gross profit		**64,978**	79,759
Other income and gain	*6*	**1,800**	788
Selling and distribution costs		**(10,635)**	(13,799)
Administrative expenses		**(25,924)**	(26,913)
Other expenses		**(4,207)**	(6,450)
Finance costs	*7*	**(11,467)**	(9,226)
PROFIT BEFORE TAX	*8*	**14,545**	24,159
Tax	*9*	**(300)**	(958)
PROFIT FOR THE PERIOD		**14,245**	23,201
ATTRIBUTABLE TO:			
Equity holders of the parent		**14,405**	23,261
Minority interests		**(160)**	(60)
		14,245	23,201
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic		**HK4.77 cents**	HK7.70 cents
Diluted		**HK4.75 cents**	N/A
DIVIDEND PER SHARE	*11*	**HK2.00 cents**	HK3.30 cents

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2007

	Notes	30 June 2007 (unaudited) HK$'000	31 December 2006 (audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**179,783**	156,674
Prepaid land lease payments		**20,739**	20,765
Goodwill		**25,723**	25,723
Prepayments for acquisition of items of property, plant and equipment		**15,910**	29,517
Total non-current assets		**242,155**	232,679
CURRENT ASSETS			
Inventories		**152,964**	151,062
Prepaid land lease payments		**555**	459
Trade receivables	*12*	**20,344**	16,295
Prepayments, deposits and other receivables		**27,878**	15,702
Cash and bank balances		**75,341**	73,105
Total current assets		**277,082**	256,623
CURRENT LIABILITIES			
Trade and bills payables	*13*	**49,441**	53,967
Other payables and accruals		**28,621**	37,811
Due to related parties	*14*	**462**	454
Tax payable		**956**	2,090
Interest-bearing bank and other borrowings		**113,167**	149,059
Total current liabilities		**192,647**	243,381
NET CURRENT ASSETS		**84,435**	13,242
TOTAL ASSETS LESS CURRENT LIABILITIES		**326,590**	245,921
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**112,807**	42,842
Deferred tax liabilities		**2,718**	2,718
Total non-current liabilities		**115,525**	45,560
NET ASSETS		**211,065**	200,361
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	*15*	**30,220**	30,220
Reserves		**178,438**	160,926
Proposed final dividend		**–**	6,648
		208,658	197,794
Minority interests		**2,407**	2,567
TOTAL EQUITY		**211,065**	200,361

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements does not include all the information and disclosures required in the financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

2. Impact of new and revised Hong Kong financial reporting standards

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006, except for the adoption of the new and revised Hong Kong Financial Reporting Standards and interpretations as noted below.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The principal changes in accounting polices are as follows:–

The revised HKAS 1 affects the disclosures of qualitative information about the Group's objectives, policies and processes for managing capital; quantitative data about what the Group regards as capital; and compliance with any capital requirements and the consequences of any non-compliances.

The HK(IFRIC)-Int 10 states that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

3. Impact of issued but not yet effective Hong Kong financial reporting standards

The Group has not applied the following new and revised HKFRSs relevant to the condensed consolidated financial statements that have been issued but are not yet effective.

HKFRS 8	Operating Segments
HK(IFRIC)-Int 11	Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HKAS 23 (Revised)	Borrowing costs

HKFRS 8 replaces HKAS 4 "Segmental Reporting" and will become effective for accounting periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Company, the products and services provided by the segments, the geographical areas which the Company operates, and revenues from the Company's major customers.

HK(IFRIC)-Int 11, HK(IFRIC)-Int 12 and HKAS 23 (Revised) shall be applied for annual periods beginning on or after 1 March 2007, 1 January 2008 and 1 January 2009, respectively.

4. Segment information

The following tables present revenue and results by business and geographical segments for the six months ended 30 June 2007.

A. Business segments

	Golf equipment For the six months ended 30 June		Golf bag For the six months ended 30 June		Eliminations For the six months ended 30 June		Consolidated For the six months ended 30 June	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**176,465**	233,910	**80,497**	46,765	**–**	–	**256,962**	280,675
Gross rental income	**93**	159	**897**	826	**–**	–	**990**	985
Testing income	**2**	8	**–**	–	**–**	–	**2**	8
Toolings charges	**2,496**	446	**–**	–	**–**	–	**2,496**	446
Intersegment revenue	**–**	108	**3,522**	8,677	**(3,522)**	(8,785)	**–**	–
Other income and gain	**142**	331	**1,177**	–	**–**	–	**1,319**	331
Total	**179,198**	234,962	**86,093**	56,268	**(3,522)**	(8,785)	**261,769**	282,445
Segment results	**19,974**	30,255	**5,557**	2,673			**25,531**	32,928
Interest income							**481**	457
Finance costs							**(11,467)**	(9,226)
Profit before tax							**14,545**	24,159
Tax							**(300)**	(958)
Profit for the period							**14,245**	23,201

B. Geographical segments

	For the six months ended 30 June	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Segment revenue: sales to external customers		
North America	**156,806**	209,698
Europe	**10,687**	10,174
Asia (excluding Japan)	**38,244**	27,612
Japan	**49,372**	32,907
Others	**1,853**	284
	256,962	280,675

5. Revenue

Revenue represents the invoiced value of goods sold net of trade discounts and goods returns, which is also Group's turnover, gross rental income, testing income and tooling charges received and receivable during the period.

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Revenue		
Turnover:		
Sales of goods	**256,962**	280,675
Gross rental income	**990**	985
Testing income	**2**	8
Tooling charges	**2,496**	446
	260,450	282,114

6. Other income and gain

	For the six months ended 30 June	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Interest income	**481**	457
Others	**1,319**	331
	1,800	788

7. Finance costs

	For the six months ended 30 June	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Factoring charges	**3,435**	1,200
Interest on bank loans	**6,335**	6,301
Interest on finance leases	**343**	2
Bank charges	**1,354**	1,723
Total finance costs	**11,467**	9,226

8. Profit before tax

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

	For the six months ended 30 June	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Amortisation of prepaid land lease payments	**230**	81
Depreciation	**7,618**	6,930
Loss on disposal of property, plant and equipment	**27**	–
Interest income	**(481)**	(457)

9. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (six months ended 30 June 2006: 17.5%) 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 June	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Provision for the period:		
Current – Hong Kong profits tax	**300**	958

10. Earnings per share attributable to ordinary equity holders of the parent

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent of HK$14,405,000 (six months ended 30 June 2006: HK$23,261,000) and the weighted average number of 302,200,000 (six months ended 30 June 2006: 302,200,000) ordinary shares in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued for nil consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

A diluted earnings per share amount for the period ended 30 June 2006 has not been disclosed as no diluting events exist in the prior period.

11. Dividend per share

At a meeting of the board of directors held on 24 September 2007, the directors resolved to pay an interim dividend of HK2.00 cents per ordinary share to shareholders (six months ended 30 June 2006: HK3.30 cents).

12. Trade receivables

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 granted by the Group is generally between 30 to 120 days from the date of recognition of sale. Trade receivables are non-interest-bearing.

An aged analysis of the Group's trade receivables as at the balance sheet date, based on the date of recognition of sale and net of provision for impairment, is as follows:

	30 June 2007 (unaudited) *HK$'000*	31 December 2006 (audited) *HK$'000*
Within 3 months	**15,770**	10,862
4 to 6 months	**2,229**	480
7 to 12 months	**97**	2,050
Over 1 year	**2,248**	2,903
	20,344	16,295

13. Trade and bills payables

An aged analysis of the Group's trade and bills payable as at the balance sheet date, based on the date of receipt of the goods is as follows:

	30 June 2007 (unaudited) *HK$'000*	31 December 2006 (audited) *HK$'000*
Within 3 months	**41,228**	46,310
4 to 6 months	**6,987**	6,933
7 to 12 months	**767**	428
Over 1 year	**459**	296
	49,441	53,967

14. Due to related parties

The amount due to related parties are unsecured, interest free and repayable on demand.

15. Share capital

	30 June 2007 (unaudited) *HK$'000*	31 December 2006 (audited) *HK$'000*
Authorised:		
1,000,000,000 ordinary shares of HK$0.1 each	**100,000**	100,000
Issued and fully paid:		
302,200,000 ordinary shares of HK$0.1 each	**30,220**	30,220

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board declares an interim dividend of HK2.00 cents per ordinary share for the six months ended 30 June 2007 payable to the shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 18 October 2007. The Register of Members will be closed from Wednesday, 17 October 2007 to Thursday, 18 October 2007, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 16 October 2007. The dividend will be paid on or around Monday, 29 October 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Driven by the enhanced customer portfolio, the golf bag business of the Group continued to prosper and achieved record high sales exceeding HK$80 million during the first half of 2007. The increased contribution from the golf bag segment was, however, eroded by a decline in golf equipment revenue, which came mainly as a result of a short-term consolidation of business with our key customer. Overall, both the consolidated revenue and profit attributable to equity holders of the Company have decreased during the period. Despite a challenging environment, a strong rebound in the golf equipment business is expected when new models for the season ahead are launched during the second half of 2007.

During the period, increased costs in raw materials and labor as well as currency fluctuations squeezed profit margins. The Group has endeavored to mitigate their impact by rationalizing output efficiency and administering stringent cost controls. Notwithstanding that, profitability was undermined to the extent that rising costs were not recoverable through sales price adjustments.

Our Group has pursued its mission of providing one-stop premium services to customers with value-added options. By focusing on product innovation and research and development, the Group's competitive advantage has been strengthened to assure long-term growth and reinforce our industry status. Continued strong market demand was witnessed for our customers' products because of their innovative features and excellent value. Irrespective of the short-term consolidation of the golf equipment business, the outlook for the Group remains bright and both business segments will develop to provide additional contributions to the Group's results.

FINANCIAL RESULTS

Consolidated turnover for the six months ended 30 June 2007 decreased by about 8.4% period on period to approximately HK$256,962,000. Profit attributable to equity holders of the Company amounted to approximately HK$14,405,000, representing a 38.1% drop from that of the preceding comparative period. Basic and diluted earnings per share for the period were HK4.77 cents (2006: HK7.70 cents) and HK4.75 cents (2006: N/A) respectively.

During the first half of 2007, turnover of the golf bag segment soared by 72.1% to approximately HK$80,497,000 and accounted for about 31.3% of the Group's turnover. This was eroded, however, by a 24.6% drop in the turnover of the golf equipment segment, which fell to approximately HK$176,465,000 for the period, representing about 68.7% of the Group's turnover. Consolidated turnover for the period thus declined by 8.4%. Against the reduced revenue, gross profit for the first half of 2007 fell 18.5% to approximately HK$64,978,000 compared with that of the corresponding period last year. Notwithstanding the measures adopted by the Group to mitigate the impact of rising costs, average gross profit margin for the first six months of 2007 declined to 24.9% from 28.3% of the comparative preceding period, mainly because golf bags sales, which accounted for an increasing proportion in the consolidated turnover for the period, generally carry a lower average gross margin than golf equipment. As a result, the overall average gross margin for the period was lowered.

Other income and gain for the period grew to approximately HK$1,800,000 from HK$788,000 of the comparative preceding period mainly due to the increase in sample charge income.

Selling and distribution costs for the period reduced to approximately HK$10,635,000 from HK$13,799,000 of the comparative preceding period, which was mainly attributable to the decrease in commission expenses. Administrative expenses amounted to approximately HK$25,924,000 and did not show material fluctuations during the period. Other expenses for the period decreased to approximately HK$4,207,000 from HK$6,450,000 of the comparative preceding period, mainly because of the decrease in provisions for impairment loss in receivables. On the other hand, finance costs for the period increased to approximately HK$11,467,000 from HK$9,226,000 of the last comparative period, primarily due to the incurrence of additional factoring charges.

Affected by the performance of the golf equipment segment, net profit of the Group for the period fell 38.1% to approximately HK$14,405,000, in contrast to that of the preceding comparative period.

GOLF EQUIPMENT BUSINESS

Irrespective of a short-term consolidation of business with the Group's key customer, the golf equipment segment remained the major source of business for the Group, accounting for 68.7% of turnover for the period. Sales of golf equipment during the first six months of 2007 amounted to approximately HK$176,465,000, representing a 24.6% decrease from that of the comparative preceding period. Of the total golf equipment sales, golf clubs accounted for 70.2% or HK$123,916,000, while component sales comprising club heads, shafts and accessories took up the remaining 29.8% or HK$52,549,000. In golf club sales, the split between the sale of club sets and individual clubs was approximately 49.8% and 50.2% respectively. There has been no material fluctuation in the product mix in recent years.

During the period, sales of golf equipment to the Group's largest customer in the United States dropped 42.9% from that of the preceding comparative period to approximately HK$84,507,000, representing 47.9% of this segment's sales or 32.9% of the Group's turnover. Due to non-compromise with the key customer on certain product models, our Group has foregone manufacturing those models for the current season. The impact is however considered temporary, as the Group has successfully gained back orders on the forfeited models for the season ahead, production of which will commence during the second half of 2007. On the other hand, sales to a number of other customers demonstrated satisfactory growth during the period. Turnover from the top five golf equipment clients aggregated to approximately HK$139,048,000, which accounted for 78.8% of the segment sales or 54.1% of the Group's turnover for the period. Despite a short-term consolidation, it is anticipated that the golf equipment segment will rebound shortly and gain momentum given the solid foundation and competitive advantage our Group possesses. The Group continued its contacts with some targeted golf namebrands to explore business opportunities and has made good progress towards starting a relationship. When business programs with the targeted new customers materialize, our customer base will be broadened and further strengthened to generate additional revenue for the Group.

Operating with a relatively concentrated customer portfolio, the Group has been able to closely monitor individual customers through stringent credit controls and periodic review of their performance. Recoverability of trade debts has been secured by procuring non-recourse factoring or insurance on shipments to major customers. Moreover, only customers with a satisfactory credit status will be given terms; cash deposits are normally required from new customers. To minimize bad debt risks, any material delay in payment or non-payment by customers will immediately be reported to management for action, including whether to withhold shipments until full settlement of the outstanding debts. During the period, the Group received a distribution of approximately HK$466,000 from Huffy Corporation under its reorganization plan effected in 2005. This amount has been applied as appropriate to reduce the remaining outstanding debts brought forward prior to the reorganization of Huffy Corporation. Sales by the Group to Huffy Corporation during the period amounted to approximately HK$5.7 million. The outstanding amount was settled according to the terms and covered by insurance. Taking into account the current conditions of Huffy Corporation, no further provision for impairment in value of the remaining debts is considered necessary.

During the period, raw material prices and production costs such as labor and energy expenses went further up. In addition, the continuing appreciation of the Renminbi led to an increase in expenses paid in Renminbi currency. To secure uninterrupted production against shortages of materials, the Group has endeavored to strike a balance between purchase of raw materials, such as graphite sheets for components production, and direct purchase of components from specified suppliers. The latter restricts and limits the profit margin that can be incorporated into the pricing of finished products. To combat the impact of price hikes on materials, the Group has strategically stocked inventories of certain key materials to help stabilize costs and product margins.

Affected by the short-term consolidation of business with the key customer, the golf equipment segment achieved a segmental profit of approximately HK$19,974,000 for the period, representing a decline of 34% from that of the comparative preceding period. With regard to market conditions and the current order book status, the management has adopted a cautious but confident view that the golf equipment segment should make a reasonable improvement in the second half of 2007.

GOLF BAG BUSINESS

Supported by the SOE compliant operation, the golf bag business of the Group grew at an unprecedented rate during the period. Turnover of the golf bag segment, as a proportion of consolidated turnover, attained a historic high accounting for 31.3% of the Group's turnover for the period against a temporary decline in golf equipment segment revenue. Sales of golf bags and accessories for the first half of 2007 amounted to approximately HK$80,497,000, representing an increase of 72.1% over that of the preceding comparative period. Of the total segment sales, golf bags amounted to approximately HK$67,079,000 or 83.3%, while sales of accessories comprising mainly shoe bags aggregated to approximately HK$13,418,000 or 16.7%. There has been no material change in the product mix in recent years. During the period, sales to the largest golf bag customer increased by 75.3% to approximately HK$46,578,000, accounting for about 57.9% of the segment sales or 18.1% of the Group's turnover for the period. Turnover from the top five golf bag clients aggregated to approximately HK$73,412,000, representing 91.2% of the segment sales or 28.6% of the Group's turnover for the period.

During the period, both the Japan line and non-Japan line of products gained strong momentum. It was encouraging that sales to a non-Japan line customer increased dramatically to over 27% of the segment sales, making it one of the largest segmental customers. The Japan line of products, however, continued to dominate and accounted for nearly 63% of the segment sales. It is the strategy of the Group to further develop the Japan line of products that normally command higher average prices and profit margins, while continuing to explore the non-Japan line of products in bulk quantities.

The SOE compliant qualification has helped enhance our Group's competitive advantage and reputation. We are now a key market player serving substantially all major brand names in the golf bag sector. We will uphold our leading industry position through continued product innovation and provision of one-stop premium services. During the period, major material costs, including PVC, PU and nylon, fluctuated mildly. Labor costs, however, increased due to volatility in labor supply. To mitigate the impact of price hikes on profitability, the Group has adhered to stringent cost control measures and will continue to focus on expanding the Japan line of products as they offer higher average prices and margins. Driven by rapid expansion, the golf bag segment has more than doubled its segmental profit to approximately HK$5,557,000 during the first half of 2007 as compared with that of the corresponding preceding period. Taking into account market conditions and current order book status, the management feels confident that the golf bag segment will maintain reasonable performance in the second half of 2007.

GEOGRAPHICAL SEGMENTS

There has been no material fluctuation in the Group's geographical spread in recent years. Despite a short-term consolidation of golf equipment sales to the United States, North America continued to represent the largest geographical segment generating 61.0% of the Group's turnover for the period. Other geographical segments, including Japan, Europe and Other Countries, accounted for 19.2%, 4.2% and 15.6% of the Group's turnover respectively.

Affected by a temporary decline in golf club shipments to the United States, sales to the North American market have decreased as a percentage of the Group's turnover, from 74.7% of the preceding comparative period to 61.0% for the current period. On the other hand, sales to the Japanese market have increased from 11.7% of the last comparative period to 19.2% of the Group's turnover for this period, as a result of the successful expansion of the Japan line of golf bags. Stimulated by the satisfactory progress of sales to Asian countries (other than Japan), sales to the geographical segments comprising "Europe and Others Countries" also increased, in terms of percentage of the Group's turnover, from 13.6% of the last comparative period to 19.8% for the current period.

In monetary terms, sales to the North American market dropped 25.2% to approximately HK$156,806,000 for the period, over 87% of which were golf equipment with the rest representing golf bag sales. Sales to the Japanese market consisted mostly of golf bags amounting to approximately HK$49,372,000, representing an increase of over 50% period on period. It is encouraging to see that sales to Europe and Other Countries increased by 33.3% to approximately HK$50,784,000 for the period.

To sustain long-term development, it is the Group's strategy to restore and strengthen its business in the North American market, which represents the world's largest golf equipment market and generates the majority of our Group's revenue and profitability. Efforts will continue to further develop the Japanese market in order to tap the huge opportunities for both golf equipment and golf bags. Also, management will direct more attention to developing the geographical regions of Europe and Other Countries to increase the Group's market share.

PROSPECTS

The price hikes of recent years have created mounting pressure on manufacturers in the golf equipment industry. Despite that, our Group persisted in its mission of focusing on product innovation and providing one-stop premium services to customers with value-added options. This strategy has enabled the Group to further strengthen its competitive advantage and outperform other industry practitioners through quality assurance and services fulfillment. Notwithstanding the intense competition, there is strong market demand for high quality products at competitive prices which will facilitate the long-term development of the golf sector. It is the Group's objective to continually expand its market share and maintain its leadership role in the golf equipment sector.

The Group is confident that the golf bag business will remain strong in the second half of 2007. It is anticipated both the Japan line and non-Japan line of products will continue to grow and achieve record sales. The non-Japan line of products, comprising mainly golf bags of American style, has been selling well in bulk quantities and this will increase its proportion of segmental revenue. The Japan line of products will however continue to dominate and account for the majority of the revenue of the golf bag segment. The SOE compliant status of the Group's golf bag facility has helped add high profile namebrands to broaden our customer base and contribute additional revenue for the Group. The management is confident that the golf bag business will grow steadily to represent a more significant portion of the Group's total revenue.

Following a short-term consolidation of business with the key customer, the golf equipment segment is expected to rebound during the second half of 2007 as we have regained orders of the forfeited models for the season ahead. Business with other major golf equipment customers will develop further as a result of the Group's innovative capabilities and strong competitive advantage. There should also be satisfactory progress in our liaison with some targeted top tier namebrands, which have conducted factory visits and held management discussions in regard to potential cooperation with our Group. When the new golf club facility at Shandong Province in the P.R.C. is completed and commences operations, it will provide additional capacity to cope with the needs of both the existing and new customers. It will also help reduce costs given the advantage of lower labor and production overheads in Shandong Province. The new golf club facility signifies an important milestone in the Group's development and reinforces our capability to serve potential top tier customers. As at 30 June 2007, total investment in the new golf club facility aggregated to approximately HK$73.2 million, which comprised land premium and related costs of approximately HK$15.7 million and progress payments on construction of approximately HK$57.5 million. The construction of the new facility is progressing according to schedule so as to meet the peak season requirements of the ensuing year. With a solid foundation and competitive advantage, the management remains confident that the golf equipment business will continue to develop and expand to take on new opportunities as well as strengthening relationship with existing customers.

The Group has included in the Chairman's Statement of the 2006 annual report a description of certain risks and uncertainties that could have an effect on our business, future performance, or financial condition. We have evaluated our current risk factors and noted no material changes. Although the performance of the Group is subject to the impact of those factors and the extent to which it realizes its business plans and targets under prevailing market conditions, our growth aspirations will continue to lead the way forward.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally relies on internally generated funds and banking facilities to finance its operations and provide working capital. To limit its exposure to financial risks, the Group has adopted appropriate policies and guidelines that help manage those risks and confine them within a reasonable range.

As at 30 June 2007, cash and bank balances, which were mostly denominated in United States dollars and Hong Kong dollars, increased moderately to approximately HK$75.3 million (31 December 2006: HK$73.1 million). The Group follows a practice of maintaining sufficient funds to meet its requirements and discharge liabilities when they fall due. During the period, the Group refinanced certain matured loans to raise medium term funds for operational and capital expenditures.

Borrowings of the Group are mostly denominated in Hong Kong and United States dollars and carry interest on a HIBOR or LIBOR plus basis. Borrowings (including finance lease payables) as at 30 June 2007 aggregated to approximately HK$226.0 million (31 December 2006: HK$191.9 million), of which approximately HK$113.2 million (31 December 2006: HK$149.1 million) was repayable or deemed repayable within one year. The increase in borrowings was mainly the result of procuring funds to provide extra working capital. The gearing ratio as at 30 June 2007, defined as total bank borrowings and finance lease payable less cash and bank balances of approximately HK$150.6 million divided by the shareholders' equity of approximately HK$211.1 million, was 71.3% (31 December 2006: 59.3%). The gearing ratio increased as a result of the increase in net bank borrowings.

As at 30 June 2007, the total assets and net assets value of the Group amounted to approximately HK$519.2 million (31 December 2006: HK$489.3) and HK$211.1 million (31 December 2006: HK$200.4 million) respectively. Current and quick ratios as at 30 June 2007 were 1.44 (31 December 2006: 1.05) and 0.64 (31 December 2006: 0.43) respectively. Both the current ratio and quick ratio improved following the refinancing of certain matured bank loans with medium term loans.

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 currencies giving rise to this risk are primarily United States dollars, Japan Yen and Renminbi.

EMPLOYEE AND REMUNERATION POLICIES

At 30 June 2007, the Group employed a total of over 3,300 employees in Hong Kong, Macau, the P.R.C. and the United States. It is the Group's policy to maintain a harmonious relation with its employees through provision of competitive remuneration packages and training programs. The employees were remunerated based on their performance, experience and expertise as well as industrial 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 Company was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The audit committee comprises three independent non-executive directors of the Company, namely Ms. Chiu Lai Kuen, Susanna, (the committee's chairman), Mr. Choy Tak Ho, and Mr. Tse Ying Man. The audit committee has reviewed the Company's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2007.

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 period.

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. Upon specific enquiry, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2007.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference pursuant to the provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules. The committee comprises three independent non-executive directors, namely Mr. Tse Ying Man, Mr. Choy Tak Ho and Ms. Chiu Lai Kuen, Susanna and two executive directors, namely Mr. Chu Chun Man, Augustine and Mr. Chu Yuk Man, Simon. Mr. Tse Ying Man is the chairman of the remuneration committee. The remuneration committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of the directors of the Company and senior management of the Group.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2007 except the following deviations:

1. Mr. Chu Chun Man, Augustine, who acts as the chairman of the Company, is also responsible for overseeing the general operations of the Group. The Company does not at present have any office with the title "Chief Executive Officer" as required under Code Provision A2.1. 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 current 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.

2. Although the Independent Non-Executive Directors ("INEDs") have not been appointed for any specific terms as required under Code Provision A.4.1, they are subject to retirement by rotation and re-election approximately once every three years at the Company's annual general meeting in accordance with the Company's Bye Laws.

COMPLIANCE WITH CHAPTER 13 OF THE LISTING RULES

As at 30 June 2007, the Group had loan facilities, which were subject to, inter alias, a specific performance obligation on the controlling shareholders of the Company during the tenure of such loan facilities. The specific performance obligation relates to a minimum holding by the controlling shareholders in the issued share capital of the Company throughout the tenure of the loan facilities granted to the Group. A breach of the obligation will constitute an event of default. As a result of such breach, the loan facilities may become due and repayable on demand by the relevant lenders according to the respective terms and conditions thereof. The details of the loan facilities and specific performance obligations are as follows:

Amount outstanding as at 30 June 2007	Minimum holding in the issued share capital of the Company	Final maturity of the loan facilities
HK$4.6 million	40%	October 2007
HK$30 million	51%	May 2010
HK$40 million	over 50%	May 2010

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is posted on the websites of the Company (www.sinogolf.com) and Hong Kong Exchange and Clearing Limited (www.hkex.com.hk).

The interim report will be dispatched to the shareholders and posted on the aforementioned websites in due course.

ACKNOWLEDGEMENT

I would like to express my thanks and appreciation to our colleagues on the Board, the management and all staff and employees for their commitments, hard work and loyalty throughout the period.

By order of the Board
Chu Chun Man, Augustine
Chairman

Hong Kong, 24 September 2007

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. TSE Ying Man.