

## Chairman's Statement



On behalf of the Board of Directors of Sino Golf Holdings Limited (the "Company"), I am pleased to present the results of the Group for the year ended 31 March 2001. This is the first annual report since the Group was listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 December 2000.

### RESULTS

Net profit attributable to shareholders and turnover of the Group for the year ended 31 March 2001 amounted to HK\$65,713,000 and HK\$300,215,000 respectively, representing respective increases of 81% and 42% over 2000. It also confirms with the estimated profits as stated in the prospectus of the Company dated 11 December 2000.

Earnings per share for year 2001 was HK27 cents (2000: HK17 cents).

### DIVIDENDS

The Directors have resolved to recommend a final dividend of HK7 cents per share for the year ended 31 March 2001, subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on Thursday, 2 August 2001, the final dividend will be payable on 10 August 2001 to shareholders whose names appear on the Register of Members of the Company on Thursday, 2 August 2001.

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### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 25 July 2001 to Thursday, 2 August 2001, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrars in Hong Kong, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on Tuesday, 24 July 2001 in order to qualify for the final dividend mentioned above.

### **BUSINESS REVIEW**

Overall speaking, year of 2000/2001 was a good year for golf industry because the demand for golf equipment continued to grow. Being one of the major golf club manufacturers in the world, the Group also enjoyed the satisfactory growth. Benefited from the economies of scale and the Group's continuous focus on complete packaged golf club set products with higher profit margin, the Group has been able to increase its gross profit margin from 34% for the year ended 31 March 2000 to 36% for the year ended 31 March 2001. The net profit margin for the current year was 21.9%, representing 27.3% growth as compared with that of last year.

### **FUTURE DEVELOPMENT STRATEGY AND PROSPECTS**

Leveraging on its strengths in the manufacture of golf clubs, the Group aims to develop itself from only a golf club manufacturer to a one-stop shop golf equipment and services provider to offer more diverse and tailor-made services in the golf industry. The Directors are optimistic about the future business of the Group and consider that the increasing popularity of golf worldwide will increase the demand for the Group's products. As such, the Directors would like to implement the following business strategies to expand the Group's business:

#### ***Extend the level of vertical integration***

The Group plans to acquire a company from one of its suppliers to manufacture golf bags in order to provide more comprehensive range of products to its customers and reduce its overall cost of sales.

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### ***Enhance production capacity***

In order to meet the increased demand for forged titanium wood heads, in April 2001, the Group established an equity joint venture company in Shun De, the PRC, which is owned as to 62.5% by the Group and as to 37.5% by an independent third party, to manufacture forged titanium wood heads. And such products are expected to contribute additional profits to the Group.

Besides the new plant in Shun De, the Group is also extending another two production lines in the PRC to accommodate the increasing demand of year 2002. These expansion will bring an additional production capacity of approximately 30% as compared with the existing capacity of the Group.

### ***Strengthen the Group's research and development capability***

The Group continues to focus on the development of new materials in the manufacture of club heads and shafts. The Group is seeking co-operation with professionals and consultants in the United States to develop new materials for the manufacture of its products and to improve its manufacturing process. The Group is exploring these possible co-operation opportunities to bring new dimensions to its ODM capability and to enhance its competitiveness.

With the completion of all above mentioned expansion in production capacity and investment in research and development, the Directors truly believe that it will strengthen our Group's competitiveness and further enhance the Group's profitability in the near future.

China's entry into the World Trade Organization will be a positive influence on the golf industry as well as the Group's businesses. As shown in the latest results, our established policy for development is both sound and healthy. We will keep moving ahead in this direction in the coming year.

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### **ACKNOWLEDGEMENT**

On behalf of the Board of Directors, I would like to express my sincere appreciation and thanks to our shareholders, customers, suppliers, bankers and staff for their continuous support and invaluable contribution.

**Chu Chun Man, Augustine**

*Chairman*

Hong Kong, 3 July 2001