

C h a i r m a n ' s S t a t e m e n t



On behalf of the Board of Directors (the "Board") of Sino Golf Holdings Limited (the "Company"), I am pleased to report the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the nine months ended 31 December 2002 (the "Period").



CHANGE OF FINANCIAL YEAR END DATE

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

RESULTS AND DIVIDENDS

Consolidated turnover and net profit from ordinary activities attributable to shareholders for the Period amounted to HK\$230,497,000 and HK\$25,525,000 respectively. Earnings per share was HK8.45 cents for the Period.



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The directors recommend a final dividend of HK3.9 cents per share, which is subject to the approval by shareholders at the forthcoming annual general meeting. Together with the interim dividend of HK4.5 cents per share, a total dividend of HK8.4 cents per share would have been payable in respect of the Period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 14 May 2003 to Monday, 19 May 2003 both days inclusive, during which period no transfer of shares will be effected. All share transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 pm on Tuesday, 13 May 2003 in order to qualify for the final dividend mentioned above.

BUSINESS REVIEW

During the Period, our Group continued to benefit from the outsourcing activities of golf club equipment manufacturing from those developed countries, mainly the United States and European countries. In 2002, the global economy has gained certain recovery from its depressed and sluggish status during 2001. In order to fulfill the refreshed market demand, customers have relaxed their conservative inventory policy by reasonably increasing order quantities so as to introduce new product models to the market. In overall, the Group's performance for the year of 2002 has shown satisfactory improvement over that of the preceding year.

Total turnover for the Period amounted to HK\$230,497,000, representing 91.3% of a turnover of HK\$252,492,000 for the preceding financial year comprising a 12-month period ended 31 March 2002. Sales of golf clubs and accessories amounted to HK\$191,350,000, accounting for 83.0% of total turnover for the Period, while the remaining 17.0% or HK\$39,147,000 represents sales of golf bags. Golf clubs and accessories business remains the most significant source of contribution to the Group's profitability and is expected to grow steadily at a double-digit rate for the ensuing year. Sale of high value models will increase in proportion and generate a higher margin for the Group.

The relatively low contribution from the golf bag segment has been attributed to the Group's shared cost incurred in relation to the set-up of the logistic and assembly operation in the United States in which the sales started steady since the last quarter of 2002. Sales of golf bags generated from the United States establishment will increase significantly during 2003 and contribute to the Group's profitability. Since its acquisition by the Group in October 2001, the golf bag business has demonstrated consistent growth as a result of the synergy achieved through the extensive business contact of the Group. It is anticipated that the golf bag segment will grow persistently at a double-digit rate for the foreseeable future.

Geographically, North America continues to be the largest geographical segment from which 71.9% of the Group's turnover for the Period was generated. The European, Japanese and Asian markets accounted for 9.8%, 5.8% and 6.8% of total turnover respectively.



Chairman's Statement

In order to enhance the competitive edge, the Group has consistently pursued investment in research and development activities and advanced testing equipment. During the Period, an aggregate amount of HK\$1,609,000 has been expended in this area. Further, the logistic and assembly operation in the United States has served to provide value-added services to our customers and enables the Group to take advantage over other competitors who lack the necessary resources to perform such value-added functions. We believe that the widened exposure and closer proximity to the customers will bring substantial business and increase profitability of the Group in the long term.

DEVELOPMENTS AND PROSPECTS

It is the Group's strategy to pursue vertical integration in the golf industry. The logistic and assembly operation in the United States will further be strengthened and extended to cover more potential customers at dealers and importers level. The advantage of savings in cost and the convenience offered by flexible delivery options are non-resistant factors for medium-sized participants to buy from our Group.

To cope with the continued growth of the golf bag segment, a new factory is under construction in the PRC which is targeted to commence production by end of 2003.

With enhanced product design and development capability and improved customer services, the Group has successfully extended its client portfolio and obtained a number of new customers of great potential. Existing customers continue to work closely with us on major sales programmes for 2003. Baring unforeseen circumstances or any drastic fluctuations in the global economy, we are continuously confident that our Group shall achieve satisfactory growth for the ensuing year.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my sincere thanks to our valuable customers for their trust and support and to our staff for their commitment and loyalty. I must also express my gratitude to our shareholders for their contribution. Without them, our Group could never have become one of the best golf club equipment manufacturers in the world. We sincerely undertake to continue to strive for excellence and further development of the Group.

Chu Chun Man, Augustine

Chairman

Hong Kong

15 April 2003