SINO GOLF HOLDINGS LIMITED

(a company incorporated in Bermuda with limited liability)
(Stock Code: 361)

RESULT FOR THE YEAR ENDED 31 DECEMBER 2004

The Board of Directors (the "Board") of Sino Golf Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2004 with the comparative figures for the year ended 31 December 2003 as follows:

AUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2004

	Notes	2004 HK$'000	2003 HK$'000
TURNOVER		**393,945**	400,708
Cost of sales		**(271,723)**	(272,580)
Gross profit		**122,222**	128,128
Other revenue, net		**8,510**	10,891
Selling and distribution costs		**(11,495)**	(18,776)
Administrative expenses		**(57,580)**	(48,231)
Other operating expenses, net		**(22,277)**	(12,781)
PROFIT FROM OPERATING ACTIVITIES	*4*	**39,380**	59,231
Finance costs	*5*	**(9,790)**	(10,142)
PROFIT BEFORE TAX		**29,590**	49,089
Tax	*6*	**(1,706)**	(5,281)
PROFIT BEFORE MINORITY INTERESTS		**27,884**	43,808
Minority interests		**208**	(484)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**28,092**	43,324
DIVIDENDS	*7*	**19,039**	43,215
EARNINGS PER SHARE – Basic	*8*	**9.3 cents**	14.34 cents

1. **IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**
The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with HKFRSs (which also include Statements of Standard Accounting Practice and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of certain fixed assets.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2004. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

3. SEGMENT INFORMATION

(a) *Business segments*

The following table presents revenue and profit/(loss) for the Group's business segments.

Group	Golf equipment		Golf bag		Eliminations		Consolidated	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**327,425**	322,193	**66,520**	78,515	**–**	–	**393,945**	400,708
Intersegment revenue	**520**	3,221	**17,259**	10,417	**(17,779)**	(13,638)	**–**	–
Other revenue	**5,789**	10,239	**2,614**	322	**–**	–	**8,403**	10,561
Total	**333,734**	335,653	**86,393**	89,254	**(17,779)**	(13,638)	**402,348**	411,269
Segment results	**39,575**	62,678	**(302)**	(3,777)			**39,273**	58,901
Interest income							**107**	330
Profit from operating activities							**39,380**	59,231
Finance costs							**(9,790)**	(10,142)
Profit before tax							**29,590**	49,089
Tax							**(1,706)**	(5,281)
Profit before minority interests							**27,884**	43,808
Minority interests							**208**	(484)
Net profit from ordinary activities attributable to shareholders							**28,092**	43,324

(b) *Geographical segments*

The following table presents revenue for the Group's geographical segments:

	2004	2003
	HK$'000	HK$'000
North America	**274,713**	268,934
Europe	**30,281**	14,967
Asia (excluding Japan)	**25,158**	20,572
Japan	**50,365**	85,135
Others	**13,428**	11,100
	393,945	400,708

4. PROFIT FROM OPERATING ACTIVITIES

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

	2004	2003
	HK$'000	*HK$'000*
Cost of inventories sold	**203,711**	208,394
Depreciation	**18,768**	15,905
Amortisation of goodwill*	**2,997**	2,216
Impairment of goodwill*	**–**	23
Loss/(gain) on disposal of fixed assets	**1,260**	(94)

* *The amortisation and impairment of goodwill are included in "Other operating expenses, net" on the face of the consolidated profit and loss account.*

5. FINANCE COSTS

	2004	2003
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**7,981**	6,648
Interest on finance leases	**5**	33
Total interest expenses	**7,986**	6,681
Bank charges	**1,804**	3,461
Total finance costs	**9,790**	10,142

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. 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.

	2004	2003
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**1,885**	4,670
Underprovision/(overprovision) in prior years	**(42)**	145
Current – Elsewhere	**(137)**	466
Tax charge for the year	**1,706**	5,281

7. DIVIDENDS

	2004	2003
	HK$'000	*HK$'000*
Interim – HK6.3 cents (2003: HK4.8 cents) per ordinary share	**19,039**	14,506
Proposed final – Nil (2003: HK9.5 cents) per ordinary share	**–**	28,709
	19,039	43,215

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK$28,092,000 (2003: HK$43,324,000) and the weighted average of 302,200,000 (2003: 302,200,000) ordinary shares in issue during the year.

The diluted earnings per share for the years ended 31 December 2004 and 31 December 2003 is not shown as there was no dilutive effect on the basic earnings per share. The outstanding share options of the Company would not result in the issue of ordinary shares for less than the fair values as their exercise price was above the average market price of the Company's shares during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 May 2005 to 6 May 2005 both days inclusive, during which period no transfer of shares will be effected. All share transfer, 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 4:30 p.m. on 4 May 2005.

BUSINESS REVIEW AND PROSPECTS

The year of 2004 has, beyond our expectation, recorded unsatisfactory results. Benefited from a strong recovery in the global and local economy, our Group has been able to achieve double-digit growth during the first-half year of 2004 compared to the corresponding period in 2003. To our disappointment, the performance for the second-half year of 2004 was hampered by several incidents including (i) the impact sustained from the set-up and learning process following the commencement of operation of the new golf bag facility in August 2004; (ii) the relocation and movement costs of approximately HK$1.85 million incurred in relation to the new golf bag facility project; (iii) a decrease in gross margin by approximately 1.0% due to increase in materials and production costs; (iv) the incurrence of a bad debt provision of approximately HK$9.5 million made against one of our overseas customers who filed for bankruptcy protection under Chapter 11 in the United States in late 2004, and (v) a slow down in sales following the tightened credit control on customers. Hard hit by the above events, the overall performance of the Group for 2004 declined both in turnover and profitability compared to the preceding year. The Directors however believe that the adverse impact should not be long-lasting because our Group possesses a solid customer base and our products are highly recognized in the market place for their quality and competitiveness. Our Group's persistent investments in research and development in recent years has affirmed and much enhanced our industry profile and recognition. Our capability to produce higher end products such as golf clubs with titanium body and graphite top has helped strengthen our competitive advantage and our ability to swiftly react to market changes further distinguishes us from other golf manufacturers.

Sales of golf clubs and accessories for the year amounted to HK$327,425,000, accounting for 83.1% of the annual turnover, while the remaining 16.9% or HK$66,520,000 represents sales of golf bags. Results of the golf club and golf bag segments comprise a profit of HK$39,575,000 and a loss of HK$302,000 respectively.

Golf Clubs and Accessories Business

The golf club segment continues to dominate and generate most of the Group's revenue and profitability. Sales of golf clubs and accessories for the year has not shown a significant increase mainly because of a slow down in the last quarter sales due to our Group's review and tightened credit control on customers. In order to better control and enhance the quality of the Group's customer portfolio, we have screened out accounts which are less secured including those requiring a longer open credit or demonstrating a less satisfactory payment history. We imposed more stringent terms by shortening the allowed credit period and demanding settlement of overdue trade debts before release of new shipments. This strategy aims at reducing our Group's exposure to customers' failure and financial risks. As a consequence, the sales for the fourth quarter of 2004, which is normally the shipping season for new models, has slowed down to a level lower than that of the preceding period.

The results of the golf club segment has suffered when a customer, Huffy Corporation, ran into financial difficulty and filed for bankruptcy protection under Chapter 11 in the United States in late 2004. A proof of claims for the amount of debt owed by the Huffy group has been filed with the United States Bankruptcy Court. At the present stage, it is premature to accurately estimate the impact of the bankruptcy case on the Group. A bad debt provision of HK$9.5 million, representing about 80% of the total outstanding balance, has been made in 2004 against the amount due from the Huffy group. It is expected that Huffy Corporation would be submitting a restructuring proposal for approval by its creditors around mid 2005. By then, we shall review and ascertain the actual impact on our Group and adjustment to the bad debt provision, if necessary, will be made to reflect the outcome in the accounts of 2005. Under the supervision of the United States Bankruptcy Court, Huffy Corporation continues to do business with its major suppliers including our Group on cash basis or under insurance coverage. Our Group has been cautious and prudent in granting customers' credits and usually would require cash deposits from new customers and payments on delivery for customers without sufficient credibility. Huffy Corporation through its golf subsidiary has been our customer for years with sound track record and performance. Its restructuring is an isolated case beyond our expectation and without prior signs of material breaches or non-performance.

To minimize future exposure to customers' failures, our Group has secured to the extent possible proper insurance coverage and non-recourse factoring arrangements for its major customers. We have also conducted an extensive review of the existing customer portfolio to ensure adequate monitoring over the receivables and eventual elimination of unsatisfactory accounts. More restrictions are imposed on those accounts bearing a long credit period and lengthened payment history whereby shipments would be withheld until the customers have been in compliance with the approved trade terms. Certain accounts have been abandoned due to unacceptable performance or higher risk. The review exercise on the customer portfolio has resulted in a short-term decline to the sales level achievable under the new practices which effect may likely extend into part of 2005. Concurrent with the customers review, our Group has been actively working with certain prominent brand names which are expected to add to broaden the customer portfolio in the coming season in late 2005. The business from the new customers is anticipated to boost sales of the golf club segment back to a growing trend. Rebound of golf club sales should be more obvious during the second half year in 2005 when orders for new models are taken up and fulfilled. The Directors maintain a cautious but confident view that the performance of the golf club segment should steadily recover and show improvement in the year to come.

Golf Bags Business
Though the golf bag sales have demonstrated a mild increase of 7.5% during the first half year of 2004 compared to the corresponding period in 2003, the annual sales of golf bags for 2004 has decreased by approximately 15.3% to HK$66.5 million. The delay in the commencement of operation of the new golf bag factory and the subsequent set-up and learning process has resulted in our Group's failure to take up and fulfill certain mass orders of golf bags to meet customers' schedule. Certain customers have shifted their orders to other suppliers as a result of our Group's failure to fulfill their requirements. The loss in revenue and related gross margins were substantial and has adversely affected the performance of the golf bags segment during the second half year.

Besides, the relocation of production from the old factory to the new factory has necessitated incurrence of some non-recurring costs aggregating to approximately HK$1.85 million which includes the movement expenditure and the write-off of unamortized cost of the old factory's leasehold improvement. In order to mitigate the inconvenience caused by late shipments, the Group has incurred extra airfreight charges and further granted discounts on certain orders.

The adverse impact associated with the incidents on the new golf bag factory project is considered temporary because we anticipate that, with the new factory operating at its norm, the productivity of golf bags should steadily climb to exceed its historic peak. The Directors are confident that we should re-gain the foregone orders on golf bags as the new factory has been geared to operate at enhanced productivity and efficiency. The disappointing performance of the golf bag segment during the second half-year has to certain extent been mitigated by the cost savings derived from the termination of the assembly operation in the United States since December 2003.

With the annual production capacity substantially enhanced and taking advantage of the improved efficiency of the new factory, the Directors remain confident that the golf bag business should show a rebound during the year of 2005, particularly during the second half year when extra and new orders come on stream. Besides, we also expect increasing contribution to the golf bag sales to be forthcoming from additional businesses to be introduced by the Japanese partner as well as through the extensive network of our Group's golf club segment.

Product Costs and Gross Margins
During the year, both the materials such as titanium, graphite and PVC, and energy cost have increased by double digit percentage due to a relative shortage in the market supply. This has brought some pressure to squeeze upon the gross margin of our Group's products. In view of the anticipated increase in material costs, we have adopted a strategy to selectively store up certain key materials like titanium and graphite so as to stabilize the product cost at a reasonable level. During the last quarter of 2004, the titanium cost experienced further increase and this has created additional pressure upon the product margin. The urge in the titanium cost in late 2004 is likely to affect the product cost for some part of 2005 and we expect it will stabilize by mid 2005. To the extent possible, the increase in product cost will be adequately reflected in the sales price of new models to be introduced in the second half year of 2005.

In spite of a rising trend in materials and production costs, our Group has been able to mitigate the impact of profit erosion due to a surge in product cost through improved production efficiency and lowering the wastage rates. Consequential on our efforts, the overall gross profit margin for the year decreased by approximately 1.0% to 31.0%. The management is devoted to further look into other available cost control measures to preserve our Group's competitiveness. We will also continue to explore and reinforce the Group's research and development activities that are key to our Group's long-term success.

Geographical Segments
Consistent with the historic trend, the North America continues to constitute the largest geographical segment from which approximately 69.7% of the Group's annual turnover was generated. Europe, Japan and other countries in turn account for 7.7%, 12.8% and 9.8% of the Group's annual turnover respectively. During the year, percentage sales for the Japan market decreased from 21.3% to 12.8% mainly due to a decline in golf club sales which came as a refining adjustment in response to last year's aggressive sales programs. Nevertheless, Japan is still the market possessing much potential and deserving our Group's continued effort to persistently explore and penetrate. In addition, the strategic alliance since November 2003 with the Japanese partner will certainly continue to contribute and help bring additional golf bag orders to feed the Group's new golf bag facility, which possesses the capability to produce high end sophisticated golf bags to satisfy the demanding requirements of the Japanese customers. Regarding other geographical segments, sales for Europe and other countries increased moderately by 4% and 1.9% to account for approximately 7.7% and 9.8% of the Group's annual turnover respectively. On the other hand, there has been no significant change to the percentage sales for the North America, which increased slightly by 2.6% to 69.7%. It is our Group's main policy to continue exploring this largest golf market through the extensive business network and we are dedicated to better serve our customers with high quality products and value added services through the Group's fulfillment operation in the United States.

Prospects
Throughout the years, it has been the Group's strategy to strengthen and broaden the customer base by consistently monitoring and supporting the existing customers to increase their market share through product innovations while concurrently taking opportunities on new customers and brand names with great potential. With the enhanced production capacity and productivity, we possess the competitive advantage to be able to bulk produce a variety of advanced golf bags to meet customers' requirements, particularly for the demanding customers of the Japan market. For the golf club business, the Group is at the technology forefront as a result of our persistent investments in product engineering and research and development regime. Our Group has outperformed other competitors in the assembly of completed clubs which outsourcing trend will continue in the foreseeable future and will definitely benefit us through taking on extra orders.

To cope with the anticipated development in the golf club business, the Group has embarked on a program to construct a new golf club factory at Shandong Province, the P.R.C. The new factory site is located to the northern part of China so as to take cost advantage of labor and land resources. The project is currently in the design stage and construction work is expected to commence around mid 2005. The Group plans to complete the new factory by first half year of 2006 and will finance the new factory project by internal funding.

Our commitment to provide high quality products and value added services remain the Group's long-term goal to better serve the customers and faster react to the market needs. Taking into account the current situation of the Group and market conditions, the Directors are cautious but remain confident that our Group shall perform reasonably and show improvement during the ensuing year.

LIQUIDITY AND FINANCIAL RESOURCES
The Group generally relies on internally generated funds and facilities granted by its principal bankers to finance its operations. In order to rationalize and further reduce interest costs, the Group has successfully refinanced the syndicated loan of HK$105 million with bilateral term loans from its major bankers during the year. As a consequence, the interest rates have been lowered by at least 0.5% per annum. The bilateral loans are on similar terms to the then syndicated loan and repayable up to 3 years by installments. The Group has hedged interest costs by entering into interest rate swap contracts over the loan periods.

As at 31 December 2004, cash and bank balance amounted to approximately HK$84.1 million (2003: HK$93.8 million). The decrease in cash and bank balance has been attributed to funds appropriated for compiling inventories to meet scheduled productions and anticipated increase in materials cost. Despite the accounting impact attributable to the bad debt provision on amount owed by Huffy Corporation, the Group stressed that it has strong and adequate cash flow and there are no outstanding bills owed to banks in respect of shipments to Huffy Corporation.

Total borrowings from banks and financial institutions amounted to HK$169.5 million as at 31 December 2004, of which HK$75.2 million is repayable within one year. The Group's gearing ratio, defined as total bank borrowings and finance lease payable less cash and bank balance of approximately HK$85.4 million divided by the shareholders' equity of approximately HK$163.2 million, was 52.3% (2003: 25.4%). The significant increase in the gearing ratio has been the result of the Group's policy to utilize more bank loans with lower interest rates to substitute the discounting of bills and receivables. The shift in financing arrangements has given rise to a higher computed gearing ratio because the adoption of bank loans requires direct recognition of liabilities in the balance sheet.

Throughout the years, the Group has adopted prudent treasury practices to maintain a rational and reasonable financial position. As at 31 December 2004, the net asset value of the Group amounted to approximately HK$163.2 million (2003: HK$182.8 million). The apparent fall in the net asset value has been mainly due to the lower profitability achieved during the year, particularly due to the impact of a bad debt provision of approximately HK$9.5 million. As a consequence, current and quick ratios of the Group decreased to 1.59 (2003: 2.39) and 0.95 (2003: 1.72) as at 31 December 2004 respectively. Both ratios have declined but stay within reasonable range.

AGREEMENT FOR DISPOSAL OF A SUBSIDIARY
On 31 December 2004, Sino Golf Manufacturing Co., Ltd., ("SGMCL") one of the Group's indirect wholly owned subsidiaries, has entered into an agreement to dispose of its 62.5% interest in 順德市順興隆高爾夫球制品有限公司("SHL") to Global Sourcing and Distribution Limited (the "Purchaser"), an entity beneficially owned by the associates of the beneficial owner of the minority shareholder in SHL. The disposal constitutes a connected and disclosable transaction under Chapter 14A and Chapter 14 of the Listing Rules respectively and is subject to the shareholders' approval of the Company in the special general meeting scheduled to be held on 27 May 2005. Pursuant to the terms of the agreement, the consideration for the disposal shall be determined with reference to, but not less than, the audited net asset value of SHL as at 31 December 2004. On 9 April 2005, SGMCL and the Purchaser entered into a supplemental agreement whereby the consideration for the disposal has been agreed as HK$14.9 million which would be settled as to HK$9.97 million on completion and the balance of HK$4.93 is to be settled one year after completion of the transaction. The disposal will give rise to a gain of approximately HK$2.6 million which will be recognized in 2005 upon completion of the disposal.

SHORTFALL UNDER PROFIT GUARANTEE
Pursuant to an agreement dated 22 December 2003 entered into between SGMCL and Mr. Chen Chien Hsiang (the "Agreement"), the Group has acquired from Mr. Chen Chien Hsiang ("Mr. Chen") an additional 11.5% interest in the issued share capital of CTB Golf (HK) Limited ("CTB"). The consideration of the acquisition is HK$9.8 million which is subject to refund by Mr. Chen if the audited consolidated profit of CTB is less than the guaranteed profit for each of the five profit guaranteed years commencing on 1 January 2004. As the audited consolidated profit after taxation but before extraordinary items of CTB for the year ended 31 December 2004, the first profit guaranteed year, was less than HK$8,522,000, SGMCL is entitled to a receivable of approximately HK$987,000 from Mr. Chen calculated in accordance with the terms of the Agreement. The amount of receivable has been concurrently accounted for and recorded as a liability in current year's financial statements.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES
The Group has limited exposure to exchange rates fluctuations as most of the business transactions were conducted in the currency of United States dollars, Hong Kong dollars and Renminbi, all of which remained relatively stable during the year.

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 year.

CODE OF BEST PRACTICE
In the opinion of the directors, the Company complied with the Code of the Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's articles of association.

DETAILED RESULT ANNOUNCEMENT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")
A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By order of the Board
Chu Chun Man, Augustine
Chairman

Hong Kong,
18 April 2005

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