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**SINO GOLF HOLDINGS LIMITED**  
**順龍控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00361)**

**INTERIM RESULTS ANNOUNCEMENT FOR THE  
SIX MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Sino Golf Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results and financial position of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**period**”) with comparative figures for the corresponding period in the previous year as follows. The condensed consolidated interim results and financial position has not been audited, but has been reviewed by the audit committee of the Company (the “**Audit Committee**”).

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2023*

		<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3	<b>110,475</b>	269,091
Cost of sales		<u><b>(85,718)</b></u>	<u>(236,584)</u>
Gross profit		<b>24,757</b>	32,507
Other operating income	5	<b>1,635</b>	1,636
Selling and distribution expenses		<b>(968)</b>	(1,442)
Administrative expenses		<b>(28,466)</b>	(29,654)
Finance costs	6	<u><b>(6,322)</b></u>	<u>(6,913)</u>
Loss before tax	8	<b>(9,364)</b>	(3,866)
Income tax expense	7	<u><b>(126)</b></u>	<u>(1,033)</u>
Loss for the period		<u><b>(9,490)</b></u>	<u>(4,899)</u>

\* *for identification purpose only*

		<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
	<i>NOTE</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Other comprehensive expense			
<i>Item that may be reclassified subsequently</i>			
<i>to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<u>(1,091)</u>	<u>(1,486)</u>
Other comprehensive expense for the period, net of income tax		<u>(1,091)</u>	<u>(1,486)</u>
Total comprehensive expense for the period		<u><u>(10,581)</u></u>	<u><u>(6,385)</u></u>
Loss for the period attributable to:			
– Owners of the Company		(9,490)	(4,899)
– Non-controlling interests		<u>–</u>	<u>–</u>
		<u><u>(9,490)</u></u>	<u><u>(4,899)</u></u>
Total comprehensive expense for the period attributable to:			
– Owners of the Company		(10,581)	(6,385)
– Non-controlling interests		<u>–</u>	<u>–</u>
		<u><u>(10,581)</u></u>	<u><u>(6,385)</u></u>
		<i>HK cent</i>	<i>HK cent</i>
Loss per share			
– Basic and diluted	<i>10</i>	<u><u>(0.18)</u></u>	<u><u>(0.09)</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30.6.2023	31.12.2022
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
<b>Non-current assets</b>			
Property, plant and equipment		68,997	75,048
Right-of-use assets		175,674	181,427
Goodwill		–	–
Club debentures		1,322	1,322
Prepayments for the acquisition of property, plant and equipment		<u>129</u>	<u>259</u>
		<u>246,122</u>	<u>258,056</u>
<b>Current assets</b>			
Inventories		23,775	22,744
Trade and other receivables	<i>11</i>	33,534	66,647
Bank balances and cash		<u>143,158</u>	<u>141,165</u>
		<u>200,467</u>	<u>230,556</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	49,242	50,752
Amount due to a director		39,904	64,822
Lease liabilities		1,016	2,040
Income tax payable		438	2,575
Bank borrowings		<u>56,989</u>	<u>59,551</u>
		<u>147,589</u>	<u>179,740</u>
<b>Net current assets</b>		<u>52,878</u>	<u>50,816</u>
<b>Total assets less current liabilities</b>		<u>299,000</u>	<u>308,872</u>

		<b>30.6.2023</b>	31.12.2022
	<i>NOTE</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>Non-current liabilities</b>			
Convertible bond		<b>55,803</b>	53,517
Lease liabilities		<b>4,411</b>	5,988
		<u><b>60,214</b></u>	<u>59,505</u>
<b>Net assets</b>		<u><b>238,786</b></u>	<u>249,367</u>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>52,013</b>	52,013
Reserves		<b>184,043</b>	194,624
Equity attributable to owners of the Company		<b>236,056</b>	246,637
Non-controlling interests		<b>2,730</b>	2,730
<b>Total equity</b>		<u><b>238,786</b></u>	<u>249,367</u>

Notes:

## 1. BASIS OF PREPARATION

The condensed consolidated financial information of the Group for the period has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared on the historical cost basis, except for ownership interest in leasehold land and buildings, which are measured at revalued amount.

Except as described below, the accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022.

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2023:

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and consolidated financial positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial information.

### 3. REVENUE

Revenue represents revenue arising on sales of goods for the period.

### 4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three (2022: three) reportable and operating segments as follows:

- Golf equipment – Manufacture and sales of golf equipment and related components and parts.
- Golf bags – Manufacture and sales of golf bags, other accessories, and related components and parts.
- Hospitality – Development of integrated resort in the Commonwealth of the Northern Mariana Islands (the “CNMI”).

#### (a) Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable segment:

	For the six months ended 30 June									
	Golf equipment		Golf bags		Hospitality		Eliminations		Consolidated	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Segment revenue:										
Sales to external customers	96,075	238,495	14,400	30,596	-	-	-	-	110,475	269,091
Inter-segment sales	-	-	6,788	5,182	-	-	(6,788)	(5,182)	-	-
Other operating income	547	1,423	183	194	-	-	-	-	730	1,617
Total	<u>96,622</u>	<u>239,918</u>	<u>21,371</u>	<u>35,972</u>	<u>-</u>	<u>-</u>	<u>(6,788)</u>	<u>(5,182)</u>	<u>111,205</u>	<u>270,708</u>
Segment results	<u>5,392</u>	<u>8,075</u>	<u>491</u>	<u>3,856</u>	<u>(2,911)</u>	<u>(3,353)</u>	<u>-</u>	<u>-</u>	<u>2,972</u>	<u>8,578</u>
Interest income									905	19
Unallocated corporate expenses									(6,919)	(5,550)
Finance costs									<u>(6,322)</u>	<u>(6,913)</u>
Loss before tax									<u>(9,364)</u>	<u>(3,866)</u>

Segment results represent the profit/(loss) from each segment without allocation of interest income, 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:

	Golf equipment		Golf bags		Hospitality		Consolidated	
	30.6.2023	31.12.2022	30.6.2023	31.12.2022	30.6.2023	31.12.2022	30.6.2023	31.12.2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	<u>100,874</u>	<u>140,448</u>	<u>33,630</u>	<u>34,609</u>	<u>163,984</u>	<u>166,883</u>	<u>298,488</u>	<u>341,940</u>
Unallocated corporate assets								
– Club debentures							<u>1,322</u>	<u>1,322</u>
– Bank balances and cash							<u>143,158</u>	<u>141,165</u>
– Others							<u>3,621</u>	<u>4,185</u>
Total assets							<u><u>446,589</u></u>	<u><u>488,612</u></u>
Segment liabilities	<u>33,461</u>	<u>34,716</u>	<u>10,622</u>	<u>13,925</u>	<u>7,507</u>	<u>7,507</u>	<u>51,590</u>	<u>56,148</u>
Unallocated corporate liabilities								
– Amount due to a director							<u>39,904</u>	<u>64,822</u>
– Income tax payable							<u>438</u>	<u>2,575</u>
– Bank borrowings							<u>56,989</u>	<u>59,551</u>
– Convertible bond							<u>55,803</u>	<u>53,517</u>
– Others							<u>3,079</u>	<u>2,632</u>
Total liabilities							<u><u>207,803</u></u>	<u><u>239,245</u></u>

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, certain inventories and plant and equipment for central administrative purpose; and
- all liabilities are allocated to operating segments other than amount due to a director, income tax payable, bank borrowings, convertible bond and certain other payables.

## 5. OTHER OPERATING INCOME

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	905	19
Gain on disposal of property, plant and equipment	217	65
Sale of scrap materials	146	31
Sample income	115	141
Tooling income	12	254
Government grants	–	677
Sundry income	240	449
	<u>1,635</u>	<u>1,636</u>

## 6. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on:		
– Amount due to a director ( <i>note</i> )	2,594	3,095
– Convertible bond	2,286	2,101
– Bank borrowings	1,266	1,438
– Lease liabilities	176	279
	<u>6,322</u>	<u>6,913</u>

*Note:* Interest rate of 9.75% (2022: 9.75%) per annum was charged on the amount due to a director for the six months ended 30 June 2023.

## 7. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>
The People's Republic of China (the "PRC")		
Enterprise Income Tax		
– Current period	414	1,033
– Over-provision in prior periods	<u>(288)</u>	<u>–</u>
	<u><b>126</b></u>	<u><b>1,033</b></u>

- (i) No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2023 and 2022 as there are no assessable profits generated or the estimated assessable profit has been offset by tax losses brought forward from previous years.
- (ii) Under the Law of the PRC 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.
- (iii) The corporate income tax in the CNMI is calculated at 30% of the estimated profit. No provision for corporate income tax for the subsidiary incorporated in the CNMI has been made as no income has been derived from the CNMI during the six months ended 30 June 2023 and 2022.
- (iv) The Group is not subject to taxation in other jurisdiction.

## 8. LOSS BEFORE TAX

Loss before tax for the period has been arrived at after charging/(crediting):

	<b>Six months ended 30 June</b>	
	<b>2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>
Amount of inventories recognised as an expense	85,718	236,584
Depreciation of property, plant and equipment	3,050	3,056
Depreciation of right-of-use assets	4,020	4,608
Exchange loss, net	544	1,420
Expenses related to short-term leases	441	978
Gain on disposal of property, plant and equipment	<u>(217)</u>	<u>(65)</u>



## 11. TRADE AND OTHER RECEIVABLES

	<b>30.6.2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2022 <i>HK\$'000</i> (Audited)
Trade receivables, at amortised cost	<b>28,158</b>	44,212
Deposits and other receivables	<b>3,232</b>	17,823
Prepayments	<b>1,775</b>	2,639
Prepayments to suppliers	<b>369</b>	1,973
	<u><b>33,534</b></u>	<u>66,647</u>

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 (31 December 2022: 30 and 60 days). The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

As at 30 June 2023, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK\$28,158,000 (31 December 2022: HK\$44,212,000).

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

	<b>30.6.2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2022 <i>HK\$'000</i> (Audited)
0 to 30 days	<b>28,067</b>	27,606
31 to 90 days	<b>91</b>	13,162
91 to 180 days	<b>-</b>	3,444
	<u><b>28,158</b></u>	<u>44,212</u>

## 12. TRADE AND OTHER PAYABLES

	<b>30.6.2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2022 <i>HK\$'000</i> (Audited)
Trade payables	<b>21,619</b>	29,500
Contract liabilities	<b>290</b>	879
Accruals and other payables	<b>27,333</b>	20,373
	<u><b>49,242</b></u>	<u>50,752</u>

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>30.6.2023</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2022 <i>HK\$'000</i> <b>(Audited)</b>
0 to 90 days	<b>15,719</b>	22,040
91 to 180 days	<b>3,487</b>	4,540
181 to 365 days	<b>402</b>	1,061
Over 365 days	<b>2,011</b>	1,859
	<b>21,619</b>	29,500

The average credit period on purchases of goods is from 30 days to 90 days (31 December 2022: 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.

### 13. SHARE CAPITAL

	<b>Number of shares</b> <i>'000</i>	<b>Share capital</b> <i>HK\$'000</i>
Ordinary shares of HK\$0.01 (31 December 2022: HK\$0.01) each		
<b>Authorised</b>		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	<u>10,000,000</u>	
<b>Issued and fully paid</b>		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	<u>5,201,250</u>	<u>52,013</u>

### 14. EVENT AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 30 June 2023 and up to the date of interim results announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS AND BUSINESS REVIEW

The novel coronavirus (“**COVID-19**”) was basically over when most anti-pandemic measures, such as travel restriction, social distancing and quarantine requirements, ceased in early 2023. Business sector has generally reverted to the pre-pandemic environment and practices. Facing the economic uncertainties, the Group pursued diverse marketing initiatives to uphold customer relationship and collaborations. The golf industry had experienced a shrinkage in demand during the first half of 2023, as major golf brands slowed down the procurement in light of the inventories compiled during the pandemic period when they stocked up to cope with the delivery problem caused by logistic and transportation issues. Impacted by the reduction in shipments, the golf revenue of the Group decreased drastically during the six months ended 30 June 2023. No revenue was generated by the hospitality segment during the period due to postponement of the development of the hospitality business until the external restricting factors in the Commonwealth of the Northern Mariana Islands (the “**CNMI**”) are resolved. The Group reinforced the rationalisation measures to continually streamline the operations and optimise costs. The Board is devoted to exploring more and different potential development opportunities to expand and diversify the business of the Group.

The Group’s revenue for the six months ended 30 June 2023 amounted to approximately HK\$110,475,000 (2022: HK\$269,091,000). Loss for the period attributable to owners of the Company was approximately HK\$9,490,000 (2022: HK\$4,899,000). Basic and diluted loss per share were both approximately HK0.18 cent for the reporting period (2022: HK0.09 cent).

### GOLF EQUIPMENT BUSINESS

The golf equipment business has been the main operating segment of the Group throughout the years. It generated approximately 87.0% of the Group’s revenue for the six months ended 30 June 2023 (2022: 88.6%). The unfavorable procurement practice of the customers following the end of the pandemic has led to an abrupt decrease in order volume as well as delivery rescheduling. In addition, it was noted a tendency of customers in North America starting to divert to purchase from supply sources outside of China, which cast more uncertainties for the golf manufacturers in China. Adversely affected by the suppressed demand, the golf equipment revenue plummeted approximately 59.7% to approximately HK\$96,075,000 for the period (2022: HK\$238,495,000).

During the period, sales of golf equipment to the largest segmental customer dropped by approximately 53.6% to approximately HK\$54,099,000 (2022: HK\$116,571,000), representing approximately 56.3% (2022: 48.9%) of the segment revenue or approximately 49.0% (2022: 43.3%) of the Group's revenue for the period, respectively. Sales to other key segmental customers also fell substantially mainly due to reduction in and rescheduling of orders by customers. Revenue generated from the top five segmental customers decreased by approximately 60.0% to approximately HK\$94,124,000 (2022: HK\$235,123,000), representing approximately 98.0% (2022: 98.6%) of the segment revenue or approximately 85.2% (2022: 87.4%) of the Group's revenue for the period, respectively. Notwithstanding the adverse market condition, the Group endeavored to pursue diverse marketing strategies with value added services to better accommodate the customers' need as much as possible.

To combat cost hikes and enhance production efficiency, the Group has engaged an external management team with expertise and relevant golf experience since last year to provide management service for the operations of the Shandong manufacturing facility to effectively control and optimise manufacturing costs. The management team reviewed the manufacturing process and recommended necessary measures, including employment of advanced equipment to reduce the re-work and wastage rates, which successfully uplifted the production output and reduced the manufacturing costs for the Group. It also reviewed the supply chain status and introduced alternative supply sources capable of offering products with more competitive pricing and better quality. The Shandong manufacturing facility carried out constant review to timely regulate the workforce headcount to be commensurate with the fluctuations in business volume. Through proactive management, the Group was able to reasonably monitor the performance of the golf equipment segment amidst the economic uncertainties.

Suffering from the depressed sales, the golf equipment segment recorded a 33.2% drop in segment profit to approximately HK\$5,392,000 for the six months ended 30 June 2023 (2022: HK\$8,075,000). Having regard to the order status and the procurement strategy of customers, it is anticipated that the golf equipment business will be operating in a relatively more unstable market with great challenge in the second half year. The Group has expressed a cautious view with prudence on the prospect of the golf equipment business in the second half of 2023.

## **GOLF BAGS BUSINESS**

Impacted by the abrupt decline in demand, the Group's revenue attributable to the golf bags segment, defined as the sales of golf bags and accessories to external customers, decreased by approximately 52.9% to approximately HK\$14,400,000 (2022: HK\$30,596,000), representing by approximately 13.0% of the Group's revenue for the six months ended 30 June 2023 (2022: 11.4%). The total sales of the golf bags segment, before elimination of the inter-segmental sales of approximately HK\$6,788,000 (2022: HK\$5,182,000), dropped by approximately 40.8% to approximately HK\$21,188,000 during the period (2022: HK\$35,778,000). The inter-segmental sales comprised the golf bags produced as components for the orders of golf club sets placed by customers within the golf equipment segment. The sales of the golf club sets have been recorded as the revenue of the golf equipment segment in accordance with the Group's policy.

The segment revenue for the period consisted of golf bags sales of approximately HK\$11,594,000 (2022: HK\$26,089,000) and accessories sales (mainly sports bags) of approximately HK\$2,806,000 (2022: HK\$4,507,000), representing approximately 80.5% (2022: 85.3%) and 19.5% (2022: 14.7%) of the segment revenue, respectively. Both the golf bags and sports bags sales dipped significantly during the period.

Sales to the largest segmental customer shrank by approximately 67.8% to approximately HK\$5,377,000 during the period (2022: HK\$16,695,000), representing approximately 37.3% (2022: 54.6%) of the segment revenue or approximately 4.9% (2022: 6.2%) of the Group's revenue for the period, respectively. Sales to other key segmental customers also diminished under the suppressed demand. Revenue generated from the top five segmental customers was down by approximately 57.7% to approximately HK\$12,762,000 (2022: HK\$30,204,000), representing approximately 88.6% (2022: 98.7%) of the segment revenue or approximately 11.6% (2022: 11.2%) of the Group's revenue for the period, respectively. The golf bags segment endeavored to reinforce the rationalisation measures to streamline the operations and optimise costs as far as feasible.

Impacted by the stagnant market, the golf bags segment suffered badly to record a segment profit of approximately HK\$491,000 for the six months ended 30 June 2023 (2022: HK\$3,856,000). Taking into account the order status and the depressed market condition, the Group has envisaged great challenge and held a cautious view on the prospect of the golf bags business for the second half of 2023.

## **HOSPITALITY BUSINESS**

The Board has been exploring appropriate diversified business opportunities and investments to expand the revenue sources and enhance the long-term growth potential of the Group. It provides the Group with opportunities to dip into the hospitality segment of the CNMI and savor in the development of the tourism and golf related industries in the CNMI.

Due to the shortage of local construction workers and uncertainty of overseas working visa quota in the CNMI, the development will be postponed until all external factors have been solved.

During the current period ended, no revenue (2022: nil) was generated from the hospitality business.

## **PROSPECTS**

The COVID-19 pandemic was considered over in early 2023 with the business sector generally reverting to its pre-pandemic norm of operations. Nevertheless, the golf market has not substantiated further rebound or growth as in 2022 but slowed down instead. This is mainly attributable to the changing procurement strategy of customers following the end of the pandemic to consume the high level of inventories they compiled during the pandemic period to cope with the delivery problem caused by the logistic and transportation issues. In addition, it is noted the tendency of customers in Northern America starting to divert to place orders with supply sources outside of China. With the manufacturing facilities in China, the Group envisages that this trend will inevitably undermine the competitive edge of our golf business. To combat the adverse change and uncertainties, the Group has pursued to adopt effective measures with the assistance of external management expertise to persistently rationalise the operations and optimise costs amidst the deteriorating market. To substantiate the long-term development of the golf business, the Group is devoted to strengthening the customer relationship through diverse marketing initiatives with value added services to better accommodate and fulfill the customer needs. More importantly, the Group has been in possession of solid financial position with sufficient funds to finance its operations and discharge the liabilities when due. The management has expressed a prudent view with caution on the prospect of the golf business for the foreseeable future.

Although the development plan in the CNMI has been postponed at the current stage, the Group will continue to observe the hospitality industry trend in the CNMI from time to time and start the development plan in best entry time.

Looking forward, the Group will continue to pursue a cautious business approach to actively monitor the golf business and seize other development and growth opportunities to enhance competitiveness and strive for the best return and interest for the shareholders of the Company.

## **DIVIDEND**

The Board resolved not to recommend the payment of any dividend for the six months ended 30 June 2023 (2022: nil).

## **FINANCIAL RESOURCES, LIQUIDITY AND GEARING**

The Group fulfills its working capital and other funding requirements principally through cash generated from the operations, bank borrowings and advances from a director. As at 30 June 2023, bank balances and cash, which were mostly denominated in United States dollars, Hong Kong dollars and Renminbi, amounted to approximately HK\$143,158,000 (31 December 2022: HK\$141,165,000). As at 30 June 2023, interest-bearing borrowings of the Group comprising bank borrowings amounted to RMB53,000,000 which was equivalent to approximately HK\$56,989,000 (31 December 2022: RMB53,000,000 which was equivalent to approximately HK\$59,551,000), of which all were repayable within one year and carried interest at approximately 4.15% (31 December 2022: 4.15% to 4.20%) per annum. Bank borrowings were fixed rate borrowings denominated in Renminbi as at 30 June 2023 and 31 December 2022. Amount due to a director of approximately HK\$39,904,000 as at 30 June 2023 (31 December 2022: HK\$64,822,000) was unsecured, carrying interest at 9.75% (31 December 2022: 9.75%) per annum and repayable on demand.

As at 30 June 2023, the gearing ratio, defined as bank borrowings, amount due to a director and convertible bond less bank balances and cash of approximately HK\$9,538,000 (31 December 2022: HK\$36,725,000) divided by the total equity of approximately HK\$238,786,000 (31 December 2022: HK\$249,367,000) decreased to approximately 4.0% (31 December 2022: 14.7%).

As at 30 June 2023, the total assets and the net assets value of the Group amounted to approximately HK\$446,589,000 (31 December 2022: HK\$488,612,000) and approximately HK\$238,786,000 (31 December 2022: HK\$249,367,000), respectively. Current and quick ratios as at 30 June 2023 were approximately 1.36 (31 December 2022: 1.28) and approximately 1.20 (31 December 2022: 1.16), respectively. Both the current ratio and quick ratio were relatively improved and stayed solid. The Group has been exploring feasible means to persistently rationalise and improve its financial position from time to time.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures for the six months ended 30 June 2023.

## **PLEDGE OF ASSETS**

As at 30 June 2023, bank borrowings from a PRC bank of RMB53,000,000 which was equivalent to approximately HK\$56,989,000 (31 December 2022: RMB53,000,000 which was equivalent to approximately HK\$59,551,000) were secured by property, plant and equipment and the right-of-use assets of the Group with a carrying value of approximately HK\$74,423,000 (31 December 2022: HK\$78,721,000).

## **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 Renminbi (“**RMB**”). The Group is exposed to foreign currency risk due to the exchange rate fluctuation of RMB against Hong Kong dollars and United States dollars. The Group had not entered into any derivative contracts to hedge against the risk for the six months ended 30 June 2023. The Group will review and monitor its currency exposure from time to time and when appropriate hedge its currency risk.

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 30 June 2023.

## **EVENT AFTER THE REPORTING PERIOD**

No significant event has taken place subsequent to 30 June 2023 and up to the date of interim results announcement.

## **CAPITAL COMMITMENTS**

As at 30 June 2023, the Group had capital commitments, which are contracted but not provided in the condensed consolidated financial information, in respect of property, plant and equipment amounting to approximately HK\$73,000 (31 December 2022: HK\$279,000).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2023, the Group had approximately 780 employees (31 December 2022: 910 employees) located mainly in Hong Kong and the PRC. It is the Group's strategy to maintain a harmonious relationship 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.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

## **CORPORATE GOVERNANCE**

The Company has complied with all the applicable code provisions as set out in Part 2 of the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023, except for certain deviation which is explained below:

Code provision C.2.1 in Part 2 of the CG Code requires that the roles of the 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. During the six months ended 30 June 2023, Mr. Huang Bangyin is the Chairman of the Board and is responsible for overseeing the general operations of the Group. The Company does not have an officer with the title "Chief Executive Officer". The overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operations and execution is vested in the Board itself. The deviation is deemed appropriate and the Board believes that even vesting the roles of both chairman and chief executive officer in the same person could still provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. The Board further considers that the current structure does not impair the balance of power and authority between the Board and the management of the Company.

## **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. Upon specific enquiry, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2023.

## **AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive Directors with written terms of reference. The Audit Committee has reviewed with management the accounting policies and practice adopted by the Group and discussed auditing, internal controls, and financial reporting matters including review of the condensed consolidated financial information for the six months ended 30 June 2023.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at <http://www.hkexnews.hk> and on the website of the Company at <http://www.sinogolf.com>. The interim report will be dispatched to the shareholders and published on both the websites of the Stock Exchange and the Company in due course.

## **APPRECIATION**

On behalf of the Board, I would like to thank all our employees for their contribution and commitments. I also wish to extend my sincere gratitude to our shareholders, customers, suppliers and business partners for their long-term supports and dedication.

By order of the Board  
**Sino Golf Holdings Limited**  
**Huang Bangyin**  
*Chairman*

Hong Kong, 29 August 2023

*As at the date of this announcement, the Board comprises (i) Mr. Huang Bangyin and Mr. Chu Chun Man, Augustine as executive Directors; (ii) Mr. Wong Hin Shek as non-executive Director; and (iii) Mr. Sheng Baojun, Mr. Ho Kwong Yu and Ms. Lin Lin as independent non-executive Directors.*