



Sino Golf Holdings Limited

順龍控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 00361



2023

INTERIM REPORT

CONTENTS

Corporate Information	2
Financial Highlights	4
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	9
Condensed Consolidated Statement of Cash Flows	10
Notes to the Condensed Consolidated Financial Information	11
Management Discussion and Analysis	27
Other Information	34





CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HUANG Bangyin (*Chairman*)
Mr. CHU Chun Man, Augustine

Non-Executive Director

Mr. WONG Hin Shek

Independent Non-Executive Directors

Mr. SHENG Baojun
Mr. HO Kwong Yu
Ms. LIN Lin

AUDIT COMMITTEE

Mr. HO Kwong Yu (*Chairman*)
Mr. SHENG Baojun
Ms. LIN Lin

REMUNERATION COMMITTEE

Mr. SHENG Baojun (*Chairman*)
Mr. HO Kwong Yu
Ms. LIN Lin

NOMINATION COMMITTEE

Mr. HUANG Bangyin (*Chairman*)
Mr. SHENG Baojun
Mr. HO Kwong Yu
Ms. LIN Lin

COMPANY SECRETARY

Ms. CHOI Ka Ying

AUTHORISED REPRESENTATIVES

Mr. CHU Chun Man, Augustine
Ms. CHOI Ka Ying

AUDITORS

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House
311 Gloucester Road
Causeway Bay, Hong Kong (*Note 1*)

Grant Thornton Hong Kong Limited
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong SAR (*Note 2*)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong



REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Room 4501
One Midtown
11 Hoi Shing Road
Tsuen Wan
Hong Kong

STOCK CODE

00361 (Main Board of The Stock Exchange of
Hong Kong Limited)

WEBSITE

<http://www.sinogolf.com>

Notes:

1. SHINEWING (HK) CPA Limited resigned as auditor of the Company with effect from 27 April 2023.
2. Grant Thornton Hong Kong Limited was appointed as auditor of the Company with effect from 30 May 2023.



FINANCIAL HIGHLIGHTS

RESULTS

	For the six months ended 30 June		Changes (Decrease)/ Increase
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	
Revenue	110,475	269,091	(58.9%)
– from golf equipment segment	96,075	238,495	(59.7%)
– from golf bags segment	14,400	30,596	(52.9%)
Gross profit	24,757	32,507	(23.8%)
Profit before interest, tax, depreciation and amortisation	4,028	10,711	(62.4%)
Total comprehensive expense for the period attributable to owners of the Company	(10,581)	(6,385)	65.7%
	HK cent	HK cent	
Loss per share			
Basic and diluted	(0.18)	(0.09)	
Interim dividend per ordinary share	–	–	

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) 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 referred to as the “**Group**”) for the six months ended 30 June 2023 (the “**period**”) which have been reviewed by the Company’s audit committee, together with the comparative figures for the six months ended 30 June 2022 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	NOTES	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	110,475	269,091
Cost of sales		(85,718)	(236,584)
Gross profit		24,757	32,507
Other operating income	6	1,635	1,636
Selling and distribution expenses		(968)	(1,442)
Administrative expenses		(28,466)	(29,654)
Finance costs	7	(6,322)	(6,913)
Loss before tax	9	(9,364)	(3,866)
Income tax expense	8	(126)	(1,033)
Loss for the period		(9,490)	(4,899)
Other comprehensive expense <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		(1,091)	(1,486)
Other comprehensive expense for the period, net of income tax		(1,091)	(1,486)
Total comprehensive expense for the period		(10,581)	(6,385)



	NOTE	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss for the period attributable to:			
– Owners of the Company		(9,490)	(4,899)
– Non-controlling interests		–	–
		(9,490)	(4,899)
Total comprehensive expense for the period attributable to:			
– Owners of the Company		(10,581)	(6,385)
– Non-controlling interests		–	–
		(10,581)	(6,385)
		HK cent	HK cent
Loss per share			
– Basic and diluted	11	(0.18)	(0.09)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	NOTES	30.6.2023 HK\$'000 (Unaudited)	31.12.2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	68,997	75,048
Right-of-use assets	13	175,674	181,427
Goodwill		–	–
Club debentures		1,322	1,322
Prepayments for the acquisition of property, plant and equipment		129	259
		246,122	258,056
Current assets			
Inventories		23,775	22,744
Trade and other receivables	14	33,534	66,647
Bank balances and cash		143,158	141,165
		200,467	230,556
Current liabilities			
Trade and other payables	15	49,242	50,752
Amount due to a Director		39,904	64,822
Lease liabilities	13	1,016	2,040
Income tax payable		438	2,575
Bank borrowings	16	56,989	59,551
		147,589	179,740
Net current assets		52,878	50,816
Total assets less current liabilities		299,000	308,872



	NOTES	30.6.2023 HK\$'000 (Unaudited)	31.12.2022 HK\$'000 (Audited)
Non-current liabilities			
Convertible bond	17	55,803	53,517
Lease liabilities	13	4,411	5,988
		60,214	59,505
Net assets			
		238,786	249,367
Capital and reserves			
Share capital	18	52,013	52,013
Reserves		184,043	194,624
Equity attributable to owners of the Company		236,056	246,637
Non-controlling interests		2,730	2,730
Total equity			
		238,786	249,367



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Convertible bond equity reserve HK\$'000	Contributed surplus HK\$'000 (Note (i))	Assets revaluation reserve HK\$'000	Statutory surplus reserve HK\$'000 (Note (ii))	Exchange fluctuation reserve HK\$'000	Other reserve HK\$'000 (Note (iii))	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	52,013	399,369	8,333	33,966	-	17	8,920	22,615	(260,246)	264,987	2,730	267,717
Loss for the period	-	-	-	-	-	-	-	-	(4,899)	(4,899)	-	(4,899)
Other comprehensive expense for the period:												
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	-	(1,486)	-	-	(1,486)	-	(1,486)
Other comprehensive expense for the period	-	-	-	-	-	-	(1,486)	-	-	(1,486)	-	(1,486)
Total comprehensive expense for the period	-	-	-	-	-	-	(1,486)	-	(4,899)	(6,385)	-	(6,385)
At 30 June 2022 (unaudited)	52,013	399,369	8,333	33,966	-	17	7,434	22,615	(265,145)	258,602	2,730	261,332
At 1 January 2023 (audited)	52,013	399,369	8,333	33,966	-	17	6,519	22,615	(276,195)	246,637	2,730	249,367
Loss for the period	-	-	-	-	-	-	-	-	(9,490)	(9,490)	-	(9,490)
Other comprehensive expense for the period:												
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	-	(1,091)	-	-	(1,091)	-	(1,091)
Other comprehensive expense for the period	-	-	-	-	-	-	(1,091)	-	-	(1,091)	-	(1,091)
Total comprehensive expense for the period	-	-	-	-	-	-	(1,091)	-	(9,490)	(10,581)	-	(10,581)
At 30 June 2023 (unaudited)	52,013	399,369	8,333	33,966	-	17	5,428	22,615	(285,685)	236,056	2,730	238,786

Notes:

- (i) The Group's contributed surplus represents (i) the difference between the nominal value of the shares and the share premium account of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor; and (ii) the credit arising from the capital reorganisation of the Company, partially offset by the bonus issue, as set out in the circular of the Company dated 14 December 2015.
- (ii) As stipulated by regulations in the People's Republic of China (the "PRC"), certain subsidiaries in the PRC are required to appropriate 10% of their after-tax profit (after offsetting prior year losses) to a statutory surplus reserve fund until the balance of the fund reaches 50% of its registered capital and thereafter any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior year losses, or for conversion into registered capital on the condition that the statutory surplus reserve fund shall be maintained at a minimum of 25% of the registered capital after such utilisation.
- (iii) The amount represented the difference between the carrying amount of the liability component of (a) the original convertible bond; and (b) the new convertible bond at the date of significant modification as owners' transaction on 30 December 2020. Details are set out in note 17.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Operating activities		
Net cash generated from operating activities	28,735	15,757
Investing activities		
Purchase of property, plant and equipment	(414)	(795)
Prepayment for acquisition of property, plant and equipment	–	(887)
Proceeds from disposal of property, plant and equipment	252	84
Interest received	905	19
Net cash generated from/(used in) investing activities	743	(1,579)
Financing activities		
Repayment of bank borrowings	(21,505)	(24,096)
New bank borrowings raised	21,505	24,096
Repayment to a Director	(24,918)	(3,335)
Interest paid	(1,442)	(4,113)
Payment of lease liabilities	(1,023)	(1,301)
Receipts of government grants	–	677
Net cash used in financing activities	(27,383)	(8,072)
Net increase in cash and cash equivalents	2,095	6,106
Cash and cash equivalents at 1 January	141,165	122,730
Effect of foreign exchange rate changes	(102)	(511)
Cash and cash equivalents at 30 June, represented by bank balances and cash	143,158	128,325

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

1. GENERAL

The Company was incorporated as an exempted company with limited liability in Bermuda under the Bermuda Companies Act. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The addresses of the registered office and principal place of business of the Company are disclosed in the section “Corporate Information” in this interim report.

The principal activity of the Company is investment holding. The principal activities of the Group are the manufacture and sales of golf equipment, golf bags and accessories and the development of integrated resort in the Commonwealth of the Northern Mariana Islands (the “**CNMI**”).

The functional currency of the Company and its subsidiaries incorporated in Hong Kong and the CNMI is United States dollars (“**US\$**”) while the functional currency of the subsidiaries established in the PRC are Renminbi (“**RMB**”). The condensed consolidated financial information are presented in Hong Kong dollars (“**HK\$**”) for the convenience of users of the condensed consolidated financial information as the Company is a listed company in Hong Kong.

2. 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 (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**”).





3. 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.

4. REVENUE

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



5. 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 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	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(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	96,622	239,918	21,371	35,972	-	-	(6,788)	(5,182)	111,205	270,708
Segment results	5,392	8,075	491	3,856	(2,911)	(3,353)	-	-	2,972	8,578
Interest income									905	19
Unallocated corporate expenses									(6,919)	(5,550)
Finance costs									(6,322)	(6,913)
Loss before tax									(9,364)	(3,866)

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.

5. SEGMENT INFORMATION – CONTINUED

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

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.

6. OTHER OPERATING INCOME

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (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
	1,635	1,636

7. FINANCE COSTS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (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
	6,322	6,913

Note: Interest rate of 9.75% (2022: 9.75%) per annum was charged on the amount due to a Director for the period.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
– Current period	414	1,033
– Over-provision in prior periods	(288)	–
	126	1,033

- (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.

9. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
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	(217)	(65)

10. DIVIDENDS

No dividends were paid, declared or proposed during the period. The Directors have determined that no dividend will be paid in respect of the period (six months ended 30 June 2022: nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(9,490)	(4,899)

	Six months ended 30 June	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	5,201,250	5,201,250

The computation of diluted loss per share for the six months ended 30 June 2023 and 2022 does not assume the conversion of the Company's outstanding convertible bond since its exercise would result in a decrease in loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately HK\$539,000 (six months ended 30 June 2022: HK\$2,200,000) on acquisition of property, plant and equipment.

Assets with a net carrying value of approximately HK\$35,000 were disposed of by the Group during the period (six months ended 30 June 2022: approximately HK\$19,000), resulting in a net gain on disposal of approximately HK\$217,000 (six months ended 30 June 2022: HK\$65,000).

In the opinion of the Directors, the aggregate carrying amount of the Group's leasehold land and buildings at the end of the current interim period that is carried at revalued amount does not differ significantly from their estimated fair value. Consequently, no revaluation surplus or deficit has been recognised in the current interim period.

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	30.6.2023 <i>HK\$'000</i> (Unaudited)	31.12.2022 <i>HK\$'000</i> (Audited)
Land	170,337	173,653
Buildings	5,337	7,774
	175,674	181,427

Right-of-use assets of approximately HK\$6,388,000 (31 December 2022: HK\$6,811,000) and HK\$163,949,000 (31 December 2022: HK\$166,842,000) represent land use right in the PRC and the CNMI respectively. At 30 June 2023, balance of approximately HK\$6,388,000 (31 December 2022: HK\$6,811,000) was pledged to secure bank borrowings.

Addition to the right-of-use assets for the period amounted to approximately HK\$5,571,000 due to new lease of building (six months ended 30 June 2022: nil).

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES – CONTINUED

(ii) Lease liabilities

	30.6.2023 HK\$'000 (Unaudited)	31.12.2022 <i>HK\$'000</i> (Audited)
Non-current	4,411	5,988
Current	1,016	2,040
	5,427	8,028

	30.6.2023 HK\$'000 (Unaudited)	31.12.2022 <i>HK\$'000</i> (Audited)
Amounts payable under lease liabilities		
Within one year	1,016	2,040
After one year but within two years	1,059	2,155
After two years but within five years	3,352	3,833
	5,427	8,028
Less: Amount due for settlement within 12 months	(1,016)	(2,040)
Amount due for settlement after 12 months	4,411	5,988

During the year ended 30 June 2023, the Group entered into a new lease of building and recognised lease liabilities amounted to approximately HK\$5,571,000 (six months ended 30 June 2022: nil).

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES – CONTINUED

(iii) Amounts recognised in profit or loss

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Depreciation on right-of-use assets		
– Land	3,031	3,471
– Buildings	989	1,137
Total depreciation on right-of-use assets	4,020	4,608
Interest expense on lease liabilities	176	279
Expenses related to short-term leases	441	978

(iv) Others

During the period, total cash outflows for leases including expenses related to short-term leases amounted to approximately HK\$1,640,000 (six months ended 30 June 2022: HK\$2,558,000). All lease payments of the Group are fixed.

14. TRADE AND OTHER RECEIVABLES

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

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.

At 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).

14. TRADE AND OTHER RECEIVABLES – CONTINUED

- (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:

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

15. TRADE AND OTHER PAYABLES

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

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

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

16. BANK BORROWINGS

	30.6.2023 HK\$'000 (Unaudited)	31.12.2022 HK\$'000 (Audited)
Secured bank loans, repayable within one year and shown under current liabilities	56,989	59,551

During the period, the Group raised new bank borrowings of approximately HK\$21,505,000 (year ended 31 December 2022: HK\$60,752,000) to finance its working capital and repaid bank borrowings of approximately HK\$21,505,000 (year ended 31 December 2022: HK\$60,874,000).

At 30 June 2023, bank borrowings of approximately HK\$56,989,000 are fixed-rate borrowings (31 December 2022: HK\$59,551,000). The fixed-rate borrowings carry interest at 4.15% (31 December 2022: 4.15% to 4.20%) per annum.

17. CONVERTIBLE BOND

On 7 November 2016, the Company issued convertible bond with zero coupon rate at aggregate principal amount of HK\$74,100,000 to Wealth Sailor Limited (“**Wealth Sailor**”), the immediate holding company of the Company, with the maturity date on 7 November 2021. On 30 December 2020, the original convertible bond was renewed and replaced by a new convertible bond (the “**CB**”) with the same terms except for the maturity date and conversion period were extended to 7 November 2026 (the “**Maturity Date**”). The CB was interest free, unsecured and denominated in Hong Kong dollars. The renewal on 30 December 2020 had been considered as significant modification resulting in the extinguishment of the original convertible bond and the new CB.

The principal terms of the CB are as follows:

Conversion: The holder of the CB is entitled to convert the CB into ordinary shares of the Company at a conversion price of HK\$0.114 per ordinary share.

The conversion rights are exercisable at any time during the period commencing from the date of issue of the CB up to the Maturity Date.

Redemption: No early redemption option is granted either to the Company or the holder of the CB except for event of default occurred. The CB will only be redeemed by the Company at the Maturity Date.

Subject to the occurrence of an event of default, the CB shall become due and payable on the giving of notice in writing by the bondholder to the Company.

17. CONVERTIBLE BOND – CONTINUED

The CB contain two components, which are (i) liability component at amortised cost presented in the condensed consolidated statement of financial position; and (ii) equity component presented in equity with heading of convertible bond equity reserve.

The movements of the liability and equity components of the CB and the reconciliation of Level 3 fair value measurement during the reporting period are set out below:

	Liability component of the CB <i>HK\$'000</i>	Equity component of the CB <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2022	49,189	8,333	57,522
Effective interest charge for the year	4,328	–	4,328
At 31 December 2022 and 1 January 2023	53,517	8,333	61,850
Effective interest charge for the period	2,286	–	2,286
At 30 June 2023	55,803	8,333	64,136

The effective interest rate of the liability component of the new CB is 8.8% per annum.

No CB was converted into ordinary shares of the Company during the period (six months ended 30 June 2022: nil). No redemption, purchase or cancellation by the Company has been made in respect of the CB during the period (six months ended 30 June 2022: nil). As at 30 June 2023, the principal amount of the CB that remained outstanding amounted to HK\$74,100,000 (31 December 2022: HK\$74,100,000) of which a maximum of 650,000,000 (31 December 2022: 650,000,000) shares may fall to be issued upon their conversions, subject to anti-dilution adjustments provided in the terms of the CB. Details of the terms of the CB are set out in the Company's circulars dated 30 September 2016 and 9 December 2020.

At the date of issuance of the new CB, the fair values of the liability component and equity component were valued by an independent qualified valuer. The fair values were estimated by using discounted cash flows and the binomial model. The inputs into the model were respectively as follows:

	30.12.2020
Share price	HK\$0.030
Conversion price	HK\$0.114
Expected volatility	79%
Expected life	5.9 years
Risk-free rate	0.422%
Expected dividend yield	Nil

18. SHARE CAPITAL

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

19. SHARE-BASED PAYMENT TRANSACTIONS

The Company has a share option scheme for eligible participants including the employees of the Group, which became effective on 5 June 2012 and, unless otherwise cancelled or amended, has remained in force for 10 years from that date. No further share option shall be offered under the share option scheme after 4 June 2022.

Upon expiry of the share option scheme on 4 June 2022, no further renewal of the share option scheme has been made during the period (six months ended 30 June 2022: nil). There were no outstanding share options as at 30 June 2023 and 31 December 2022.

20. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30.6.2023 HK\$'000 (Unaudited)	31.12.2022 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial information in respect of property, plant and equipment	73	279

21. LITIGATIONS

The Group had no significant contingent liabilities as at 30 June 2023 and 31 December 2022.

22. FAIR VALUE DISCLOSURE

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost as at 30 June 2023 and 31 December 2022 approximate to their fair values due to their short-term maturities and the discounting impact is not significant.

23. RELATED PARTY TRANSACTIONS

- (a) Save as disclosed in elsewhere of the condensed consolidated financial information, the Group entered into the following significant transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short-term lease expense paid to Sino Orange (China) Company Limited	(i)	300	840
Interest expense on convertible bond to the immediate holding company	(ii)	2,286	2,101
Interest expense on amount due to a Director	(iii)	2,594	3,095

Notes:

- (i) The lease payment paid to a related company, which Mr. Chu Chun Man, Augustine, the Director, has beneficial interest in, were determined at rates agreed between the Group and the related company. Such lease is accounted for as a short-term lease.
- (ii) It represents the imputed interest expense on convertible bond issued by the immediate holding company, Wealth Sailor, in accordance with the terms set out in note 17.
- (iii) The interest expense is paid to one of the Directors.
- (b) Save as disclosed elsewhere in the condensed consolidated financial information, the Group has no other material balances with related parties as at 30 June 2023 and 31 December 2022.



23. RELATED PARTY TRANSACTIONS – CONTINUED

(c) Compensation of key management personnel

The remuneration of the Directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	3,904	4,349
Post-employment benefits	36	28
	3,940	4,377

The remuneration of the Directors and key executives is determined with regards to the performance of individuals.

24. EVENT AFTER THE REPORTING PERIOD

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

25. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

This unaudited condensed consolidated financial information were approved and authorised for issue by the Board on 29 August 2023.



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.

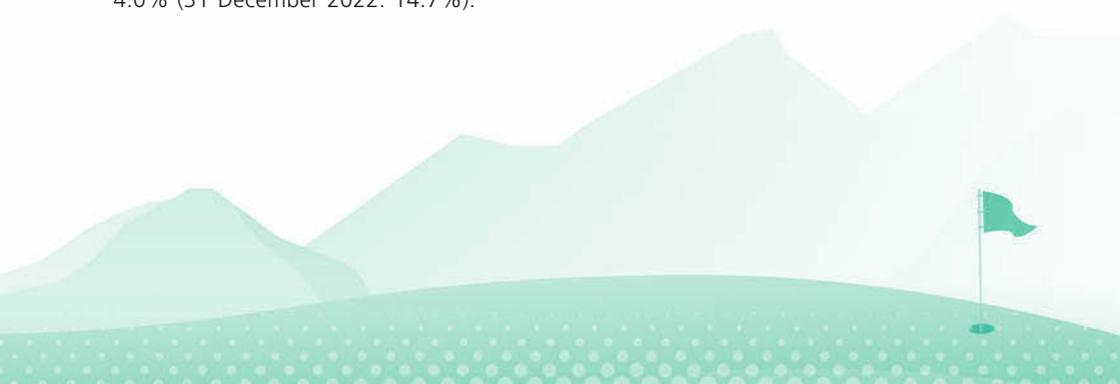
DIVIDEND

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 this interim report.

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.



OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the “SFO”), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules, were set out as follows:

(I) LONG POSITIONS IN ORDINARY SHARES AND UNDERLYING SHARES OF THE COMPANY:

Name of Director	Number of shares held and interests in underlying shares, capacity and nature of interest			Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through spouse	Through controlled corporations		
Mr. CHU Chun Man, Augustine	46,460,520	750,000	–	47,210,520	0.91%

(II) LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF ASSOCIATED CORPORATION:

Name of Director	Name of associated corporation	Relationship with the Company	Shares	Number of shares held	Capacity and nature of interest	Percentage of the associated corporation's issued non-voting deferred share capital
Mr. CHU Chun Man, Augustine	Sino Golf Manufacturing Company Limited	Company's subsidiary	Non-voting deferred shares	1,190,607	Directly beneficially owned	30.98%

In addition to the above, a Director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Group solely for the purpose of complying with the then minimum company membership requirements.

Save as disclosed above, as at 30 June 2023, none of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2023, the following persons (not being a Director or the chief executive of the Company) have interests or short positions of 5% or more of the issued share capital and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or as otherwise notified to the Company:

LONG POSITIONS:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held and interest in underlying shares	Percentage of the Company's issued share capital
China Huarong Asset Management Co., Ltd.	(a)	Security interest held by controlled corporation	3,511,000,000	67.50%
China Huarong International Holdings Limited	(a)	Security interest held by controlled corporation	3,511,000,000	67.50%
Right Select International Limited	(a)	Security interest held by controlled corporation	3,511,000,000	67.50%
Wise Choice Ventures Limited	(a)/(b)	Security interest	3,511,000,000	67.50%
Wealth Sailor Limited	(c)	Beneficial owner	3,511,000,000	67.50%
Prominent Victory Limited	(b)/(d)	Beneficial interest held by controlled corporation	3,511,000,000	67.50%
Mr. HUANG Youlong	(e)	Beneficial interest held by controlled corporation	3,511,000,000	67.50%
Ms. ZHAO Wei	(f)	Interest of spouse	3,511,000,000	67.50%
Surplus Excel Limited	(g)	Beneficial owner	313,814,355	6.03%
Ms. YUE Xuqun	(h)	Beneficial interest held by controlled corporation	313,814,355	6.03%

Notes:

- (a) Wise Choice Ventures Limited is a company wholly and beneficially owned by Right Select International Limited. Right Select International Limited is a company wholly and beneficially owned by China Huarong International Holdings Limited. China Huarong Asset Management Co., Ltd. is the ultimate beneficial owner of Wise Choice Ventures Limited. Each of Right Select International Limited, China Huarong International Holdings Limited and China Huarong Asset Management Co., Ltd. is deemed to be interested in the shares which Wise Choice Ventures Limited has security interest by virtue of the SFO.
- (b) As at 30 June 2023, Wealth Sailor Limited has provided a first fixed share charge in respect of the 2,861,000,000 shares held by it and a first fixed charge in respect of the convertible bond held by it convertible into 650,000,000 shares in favour of Wise Choice Ventures Limited to secure the payment obligations under the secured notes issued by Prominent Victory Limited to Wise Choice Ventures Limited.
- (c) Wealth Sailor Limited is a company incorporated in the British Virgin Islands (“BVI”) with limited liability.
- (d) The interest disclosed are the shares directly beneficially owned by Wealth Sailor Limited, the issued share capital of which is wholly held by Prominent Victory Limited. Accordingly, Prominent Victory Limited is deemed to be interested in the shares owned by Wealth Sailor Limited.
- (e) This represents the 2,861,000,000 shares and the convertible bond (convertible into 650,000,000 shares) held by Wealth Sailor Limited. Mr. HUANG Youlong is the sole ultimate beneficial shareholder and sole director of Wealth Sailor Limited, indirectly holding 100% of the issued share capital of Wealth Sailor Limited through his wholly-owned company, Prominent Victory Limited.
- (f) Ms. ZHAO Wei is the spouse of Mr. HUANG Youlong. Accordingly, Ms. ZHAO Wei is deemed to be interested in the shares Mr. HUANG Youlong is interested in.
- (g) Surplus Excel Limited is a company incorporated in the BVI with limited liability.
- (h) Ms. YUE Xuqun controls 100% of the equity interest in Surplus Excel Limited and is deemed to be interested in the shares held by Surplus Excel Limited.

Save as disclosed above, as at 30 June 2023, no person, other than the Directors, whose interests are set out in the section “Directors’ Interests and Short Positions in Shares and Underlying Shares” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.



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 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 of the Company comprises three independent non-executive Directors of Mr. HO Kwong Yu (chairman), Mr. SHENG Baojun and Ms. LIN Lin during the six months ended 30 June 2023 (during the six months ended 30 June 2022: 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 unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2023.

REMUNERATION COMMITTEE

The remuneration committee of the Company comprises three independent non-executive Directors of Mr. SHENG Baojun (chairman), Mr. HO Kwong Yu, and Ms. LIN Lin during the six months ended 30 June 2023 (during the six months ended 30 June 2022: three independent non-executive Directors) with written terms of reference. 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.

NOMINATION COMMITTEE

The nomination committee of the Company comprises one executive Director of Mr. HUANG Bangyin (chairman) and three independent non-executive Directors of Mr. SHENG Baojun, Mr. HO Kwong Yu and Ms. LIN Lin during the six months ended 30 June 2023 (during the six months ended 30 June 2022: three independent non-executive Directors and one executive Director) with written terms of reference. The nomination committee has met once during the current interim period to review, *inter alia*, the structure, size and composition (including the skills, knowledge and experience of Directors) of the Board; to assess the independence of independent non-executive Directors; and to review the effectiveness of the board diversity policy adopted by the Company.





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

