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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 2024**

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 2024 (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 2024

		Six months ended 30 June	
		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	129,126	110,475
Cost of sales		(99,876)	(85,718)
Gross profit		29,250	24,757
Other operating income	5	2,970	1,635
Selling and distribution expenses		(95)	(968)
Administrative expenses		(27,857)	(28,466)
Finance costs	6	(3,847)	(6,322)
Profit (loss) before tax	8	421	(9,364)
Income tax expenses	7	(1,180)	(126)
Loss for the period		(759)	(9,490)

* *for identification purpose only*

		Six months ended 30 June	
		2024	2023
	<i>NOTE</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
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		—	(1,091)
Other comprehensive expense for the period, net of income tax		—	(1,091)
Total comprehensive expense for the period		<u>(759)</u>	<u>(10,581)</u>
Loss for the period attributable to:			
– Owners of the Company		(759)	(9,490)
– Non-controlling interests		—	—
		<u>(759)</u>	<u>(9,490)</u>
Total comprehensive expense for the period attributable to:			
– Owners of the Company		(759)	(10,581)
– Non-controlling interests		—	—
		<u>(759)</u>	<u>(10,581)</u>
		<i>HK cent</i>	<i>HK cent</i>
Loss per share			
– Basic and diluted	<i>10</i>	<u>(0.01)</u>	<u>(0.18)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>NOTES</i>	30.6.2024 <i>HK\$'000</i> (Unaudited)	31.12.2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		70,040	69,022
Right-of-use assets		165,148	168,179
Goodwill		–	–
Club debentures		1,322	1,322
Prepayments for the acquisition of property, plant and equipment		<u>333</u>	<u>132</u>
		<u>236,843</u>	<u>238,655</u>
Current assets			
Inventories		14,570	17,814
Trade and other receivables	<i>11</i>	35,557	19,899
Bank balances and cash		<u>119,630</u>	<u>111,965</u>
		<u>169,757</u>	<u>149,678</u>
Current liabilities			
Trade and other payables	<i>12</i>	56,727	40,673
Lease liabilities		105	103
Income tax payable		709	180
Bank borrowings		<u>58,242</u>	<u>58,242</u>
		<u>115,783</u>	<u>99,198</u>
Net current assets		<u>53,974</u>	<u>50,480</u>
Total assets less current liabilities		<u>290,817</u>	<u>289,135</u>

		30.6.2024	31.12.2023
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Convertible bond		60,721	58,227
Lease liabilities		583	636
		<u>61,304</u>	<u>58,863</u>
Net assets		<u>229,513</u>	<u>230,272</u>
Capital and reserves			
Share capital	<i>13</i>	52,013	52,013
Reserves		174,770	175,529
		<u>226,783</u>	<u>227,542</u>
Equity attributable to owners of the Company		226,783	227,542
Non-controlling interests		2,730	2,730
		<u>229,513</u>	<u>230,272</u>
Total equity		<u>229,513</u>	<u>230,272</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 Standards (“**HKASs**”) 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 2023.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes HKFRSs, HKASs and Interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and consolidated financial position 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 (2023: three) reportable and operating segments as follows:

- Golf equipment – Manufacture and sales of golf equipment, and related components and parts.
- Golf bags – Trading (2023: 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 segments:

	For the six months ended 30 June									
	Golf equipment		Golf bags		Hospitality		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	119,673	96,075	9,453	14,400	-	-	-	-	129,126	110,475
Inter-segment sales	-	-	-	6,788	-	-	-	(6,788)	-	-
Other operating income	1,720	547	75	183	-	-	-	-	1,795	730
Total	<u>121,393</u>	<u>96,622</u>	<u>9,528</u>	<u>21,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,788)</u>	<u>130,921</u>	<u>111,205</u>
Segment results	<u>11,536</u>	<u>5,392</u>	<u>(631)</u>	<u>491</u>	<u>(2,863)</u>	<u>(2,911)</u>	<u>-</u>	<u>-</u>	<u>8,042</u>	<u>2,972</u>
Interest income									1,175	905
Unallocated corporate expenses									(4,949)	(6,919)
Finance costs									(3,847)	(6,322)
Profit (loss) before tax									<u>421</u>	<u>(9,364)</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 segments:

	Golf equipment		Golf bags		Hospitality		Consolidated	
	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)
Segment assets	<u>117,096</u>	<u>96,900</u>	<u>6,584</u>	<u>13,404</u>	<u>158,251</u>	<u>161,091</u>	<u>281,931</u>	<u>271,395</u>
Unallocated corporate assets								
– Club debentures							<u>1,322</u>	<u>1,322</u>
– Bank balances and cash							<u>119,630</u>	<u>111,965</u>
– Others							<u>3,717</u>	<u>3,651</u>
Total assets							<u><u>406,600</u></u>	<u><u>388,333</u></u>
Segment liabilities	<u>30,657</u>	<u>29,309</u>	<u>1,433</u>	<u>1,579</u>	<u>7,515</u>	<u>7,515</u>	<u>39,605</u>	<u>38,403</u>
Unallocated corporate liabilities								
– Amount due to the former Director							<u>16,156</u>	<u>–</u>
– Income tax payable							<u>709</u>	<u>180</u>
– Bank borrowings							<u>58,242</u>	<u>58,242</u>
– Convertible bond							<u>60,721</u>	<u>58,227</u>
– Others							<u>1,654</u>	<u>3,009</u>
Total liabilities							<u><u>177,087</u></u>	<u><u>158,061</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 the former Director included in “trade and other payables” (note 12), income tax payable, bank borrowings, convertible bond and certain other payables.

5. OTHER OPERATING INCOME

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Exchange gain, net	1,139	–
Interest income	1,175	905
Gain on disposal of property, plant and equipment	5	217
Sale of scrap materials	–	146
Sample income	89	115
Tooling income	226	12
Sundry income	336	240
	<u>2,970</u>	<u>1,635</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on:		
– Amount due to the former Director	255	2,594
– Convertible bond	2,494	2,286
– Bank borrowings	1,083	1,266
– Lease liabilities	15	176
	<u>3,847</u>	<u>6,322</u>

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Hong Kong Profits Tax		
– Current period	150	–
The People's Republic of China (the "PRC")		
Enterprise Income Tax		
– Current period	1,017	414
– Under (over)-provision in prior periods	13	(288)
	<u>1,180</u>	<u>126</u>

- (i) Provision for Hong Kong Profits Tax at 16.5% of estimated assessable profits has been made for the six months ended 30 June 2024, while no provision for Hong Kong Profits Tax had been made for the six months ended 30 June 2023 as there are no assessable profits generated or the estimated assessable profits 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 profits. 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 2024 and 2023.
- (iv) The Group is not subject to taxation in other jurisdiction.

8. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Amount of inventories recognised as an expense	99,876	85,718
Depreciation of property, plant and equipment	1,737	3,050
Depreciation of right-of-use assets	3,031	4,020
Exchange (gain) loss, net	(1,139)	544
Expenses related to short-term leases	984	441
Gain on disposal of property, plant and equipment	<u>(5)</u>	<u>(217)</u>

9. 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 2023: nil).

10. 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	
	2024	2023
	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	<u>(759)</u>	<u>(9,490)</u>
	Six months ended 30 June	
	2024	2023
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	<u>5,201,250</u>	<u>5,201,250</u>

The computation of diluted loss per share for the six months ended 30 June 2024 and 2023 does not assume the conversion of the Company's outstanding convertible bond since its exercise would result in a decrease in loss per share.

11. TRADE AND OTHER RECEIVABLES

	30.6.2024 <i>HK\$'000</i> (Unaudited)	31.12.2023 <i>HK\$'000</i> (Audited)
Trade receivables, at amortised cost	30,343	13,502
Deposits and other receivables	3,263	2,657
Prepayments	1,683	1,497
Prepayments to suppliers	268	2,243
	35,557	19,899

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 2023: 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 2024, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK\$30,343,000 (31 December 2023: HK\$13,502,000).

- (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:

	30.6.2024 <i>HK\$'000</i> (Unaudited)	31.12.2023 <i>HK\$'000</i> (Audited)
0 to 30 days	25,360	11,881
31 to 90 days	4,983	1,621
	30,343	13,502

12. TRADE AND OTHER PAYABLES

	30.6.2024 <i>HK\$'000</i> (Unaudited)	31.12.2023 <i>HK\$'000</i> (Audited)
Trade payables	22,851	21,660
Contract liabilities	843	317
Accruals and other payables	16,877	18,696
Amount due to the former Director (<i>Note</i>)	16,156	–
	56,727	40,673

Note: Interest rate of 9.75% (2023: 9.75%) per annum was charged on the amount due to Mr. Chu Chun Man, Augustine, the former Director of the Company, who resigned on 1 January 2024 and continued as a director of certain subsidiaries of the Company for the six months ended 30 June 2024.

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:

	30.6.2024 <i>HK\$'000</i> (Unaudited)	31.12.2023 <i>HK\$'000</i> (Audited)
0 to 90 days	19,104	18,350
91 to 180 days	2,183	1,671
181 to 365 days	111	217
Over 365 days	1,453	1,422
	<u>22,851</u>	<u>21,660</u>

The average credit period on purchases of goods is from 30 days to 90 days (31 December 2023: 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

	Number of shares <i>'000</i>	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 (31 December 2023: HK\$0.01) each		
Authorised		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<u>10,000,000</u>	
Issued and fully paid		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<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 2024 and up to the date of interim results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

The COVID-19 pandemic was substantially past in 2023 with the business sector reverting to its pre-pandemic modes of operations. The golf industry nevertheless stayed depressed through 2023 mainly due to the prudent procurement strategy of major golf name brands aiming to consume the high inventories compiled during the pandemic period. The market sentiment has somewhat stabilised in the first half year of 2024 without further deterioration. To cope with the on-going global economic uncertainties, the Group pursued diverse marketing initiatives to strengthen the customer relationship and collaborations as well as exploring new clients. The golf revenue of the Group showed a notable rebound during the six months ended 30 June 2024 benefiting from our persistent marketing efforts. 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 has reinforced the rationalisation measures to effectively streamline the operations and optimise costs. To substantiate the long-term development, the Board is committed 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 2024 amounted to approximately HK\$129,126,000 (2023: HK\$110,475,000). Loss for the period attributable to owners of the Company was reduced to approximately HK\$759,000 (2023: HK\$9,490,000). Basic and diluted loss per share were both approximately HK0.01 cent for the reporting period (2023: HK0.18 cent).

GOLF EQUIPMENT BUSINESS

The golf equipment business has dominated to constitute the main operating segment of the Group throughout the years. It generated approximately 92.7% of the Group’s revenue for the six months ended 30 June 2024 (2023: 87.0%). Driven by the active marketing initiatives, the segment revenue escalated by 24.6% to approximately HK\$119,673,000 for the period (2023: HK\$96,075,000).

During the period, sales of golf equipment to the largest segmental customer surged by 66.2% to approximately HK\$89,902,000 (2023: HK\$54,099,000), representing approximately 75.1% (2023: 56.3%) of the segment revenue or approximately 69.6% (2023: 49.0%) of the Group’s revenue for the period, respectively. Sales to other key segmental customers varied showing both increase and decrease accordingly. Revenue generated from the top five segmental customers increased by 25.5% to approximately HK\$118,135,000 (2023: HK\$94,124,000), representing approximately 98.7% (2023: 98.0%) of the segment revenue or approximately 91.5% (2023: 85.2%) of the Group’s revenue for the period, respectively. The Group endeavored to pursue diverse marketing strategies to facilitate the segment revenue to rebound and grow.

To effectively control and regulate costs, the Group has been pursuing stringent rationalisation measures for the operations of the Shandong manufacturing facility to enhance its production efficiency and output. The manufacturing process was reviewed and improved including employment of advanced equipment to help reduce the re-work and wastage rates for lowering the manufacturing costs. The supply chain was strengthened through introducing alternative supply sources to offer more competitive pricing and better quality. In addition, the Group offered performance incentives to motivate the production workforce for exceeding the preset output target. The Shandong manufacturing facility also carried out constant review to timely regulate the headcount of employees in line with the fluctuations in business volume. Backed up by the proactive management, the performance of the golf equipment segment was properly monitored with satisfactory progress notwithstanding the on-going economic uncertainties.

Benefiting from the sales rebound, the golf equipment segment recorded an increase more than double in segment profit to approximately HK\$11,536,000 for the six months ended 30 June 2024 (2023: HK\$5,392,000). Having regard to the order book status and the prevailing market conditions, it is envisaged that the golf equipment segment will continue to operate in a dynamic market with great challenge. The Group has adopted a cautious view with prudence on the prospect of the golf equipment business in the second half year of 2024.

GOLF BAGS BUSINESS

The golf bags segment ceased the manufacturing operations at Dongguan city, the PRC during the fourth quarter of last year and was relocated to operate in a nearby smaller rented property. The golf bags operations had been modified to assume a trading role in fulfilling customer orders whereby the golf bags production was subcontracted to external factories. The golf bags segment retained sufficient office and technical staff to handle customer orders, product development and samples. It was responsible for providing back-up services to subcontractors in connection with customer liaisons, production issues and delivery arrangements. The business reorganization was necessitated as some customers had diverted the golf bags procurement to supply sources outside China for political factors which curtailed the order volume to make the manufacturing operations no longer viable from a cost benefit perspective.

Adversely affected by the shrinkage 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 34.4% to approximately HK\$9,453,000 (2023: HK\$14,400,000), representing approximately 7.3% of the Group's revenue for the six months ended 30 June 2024 (2023: 13.0%). The total sales of the golf bags segment, before elimination of the inter-segmental sales of nil balance for the period (2023: HK\$6,788,000), decreased by 55.4% to approximately HK\$9,453,000 for the period (2023: HK\$21,188,000). There were no inter-segmental sales of golf bags during the period as the golf bags segment had ceased the manufacturing operations.

The segment revenue for the period comprised golf bags sales of approximately HK\$7,275,000 (2023: HK\$11,594,000) and accessories sales mainly sports bags of approximately HK\$2,178,000 (2023: HK\$2,806,000), representing approximately 77.0% (2023: 80.5%) and 23.0% (2023: 19.5%) of the segment revenue, respectively. Both the golf bags and sports bags sales decreased remarkably during the period.

Sales to the largest segmental customer decreased by 21.9% to approximately HK\$4,197,000 during the period (2023: HK\$5,377,000), representing approximately 44.4% (2023: 37.3%) of the segment revenue or approximately 3.3% (2023: 4.9%) of the Group's revenue for the period, respectively. Sales to other key segmental customers dropped generally due to the curtailment in demand. Revenue generated from the top five segmental customers decreased by 35.3% to approximately HK\$8,261,000 (2023: HK\$12,762,000), representing approximately 87.4% (2023: 88.6%) of the segment revenue or approximately 6.4% (2023: 11.6%) of the Group's revenue for the period, respectively. The golf bags segment has strived to streamline the operations to optimise the costs sensibly.

Impacted by the diminished orders, the golf bags segment incurred a segment loss of approximately HK\$631,000 for the six months ended 30 June 2024 (2023: segment profit of approximately HK\$491,000). Taking into account the order book status and the current business situation, it is expected that the golf bags segment will be operating under intense competition with great pressure. The Group has adopted a prudent view on the prospect of the golf bags business in the second half year of 2024.

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 (2023: nil) was generated from the hospitality business.

PROSPECTS

The golf industry managed to show a moderate rebound in the first half year of 2024 after experiencing a depression in 2023 to consume the high inventories compiled during the COVID-19 pandemic period. The Group pursued diverse marketing initiatives to uphold the customer relationship and collaborations in a dynamic and volatile market. The tendency of some customers in Northern America to divert and shift orders to supply sources outside China for political factors has undermined the competitive edge of the Chinese manufacturers and adversely affected the golf business of the Group inevitably. To overcome the unfavorable change and preserve our competitive edge, the Group has engaged expertise advice and implemented stringent measures to effectively rationalise the operations and optimise costs as a focus. To substantiate the long-term development of the golf business, the Group is committed to enhancing the customer profile through diverse marketing initiatives coupled with value-added services to best accommodate and fulfill customer needs. More importantly, the Group has possessed solid and healthy financial position with adequate funds to finance its operations and discharge the liabilities when due. The management has adopted a cautious view with prudence 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 2024 (2023: nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

The Group satisfied its working capital and other funding needs principally through cash generated from the operations and borrowings as well as advances from a former Director who resigned with effect from 1 January 2024 and continued as a director of certain subsidiaries. As at 30 June 2024, bank balances and cash, which were mostly denominated in United States dollars, Hong Kong dollars and Renminbi, amounted to approximately HK\$119,630,000 (31 December 2023: HK\$111,965,000). As at 30 June 2024, interest-bearing borrowings of the Group comprising bank borrowings amounted to RMB53,000,000 which was equivalent to approximately HK\$58,242,000 (31 December 2023: RMB53,000,000 equivalent to approximately HK\$58,242,000), of which all were repayable within one year and carried interest at 3.55% (31 December 2023: ranging from 3.55% to 4.15%) per annum. Bank borrowings were fixed rate borrowings denominated in Renminbi as at 30 June 2024 and 31 December 2023, respectively. Amount due to the former Director of approximately HK\$16,156,000 as at 30 June 2024 (31 December 2023: Nil) was unsecured, carrying interest at 9.75% (31 December 2023: 9.75%) per annum and repayable on demand.

As at 30 June 2024, the gearing ratio, defined as bank borrowings, amount due to the former Director and convertible bond less bank balances and cash of approximately HK\$15,489,000 (31 December 2023: HK\$4,504,000) divided by the total equity of approximately HK\$229,513,000 (31 December 2023: HK\$230,272,000) was approximately 6.7% (31 December 2023: 2.0%).

As at 30 June 2024, the total assets and the net asset value of the Group amounted to approximately HK\$406,600,000 (31 December 2023: HK\$388,333,000) and approximately HK\$229,513,000 (31 December 2023: HK\$230,272,000), respectively. Current and quick ratios as at 30 June 2024 were approximately 1.47 (31 December 2023: 1.51) and approximately 1.34 (31 December 2023: 1.33), respectively. Both the current ratio and quick ratio remained reasonable and healthy. The Group has continued to explore feasible ways to consistently 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 2024.

PLEDGE OF ASSETS

As at 30 June 2024, bank borrowings from a PRC bank of RMB53,000,000 which was equivalent to approximately HK\$58,242,000 (31 December 2023: RMB53,000,000 which was equivalent to approximately HK\$58,242,000) were secured by property, plant and equipment and the right-of-use assets of the Group with a carrying value of approximately HK\$72,151,000 (31 December 2023: HK\$73,648,000).

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 2024. 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 2024.

EVENT AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 30 June 2024 and up to the date of interim results announcement.

CAPITAL COMMITMENTS

As at 30 June 2024, 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\$75,000 (31 December 2023: HK\$75,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had approximately 610 employees (31 December 2023: 550 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 2024.

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 C1 to the Listing Rules throughout the six months ended 30 June 2024, 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 2024, 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 C3 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 2024.

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 2024.

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 made available and dispatched (where applicable) 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, 23 August 2024

As at the date of this announcement, the Board comprises (i) Mr. Huang Bangyin as executive Director; (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.