



Sino Golf Holdings Limited
順龍控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 00361



2021

INTERIM REPORT



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Sino Golf Holdings Limited
INTERIM REPORT 2021

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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

AUDITOR

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

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
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong



REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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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>



FINANCIAL HIGHLIGHTS

RESULTS

	For the six months ended 30 June		Changes Increase/ (Decrease)
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	
Revenue	184,287	87,036	111.7%
– from golf equipment segment	165,210	72,883	126.7%
– from golf bags segment	19,077	14,153	34.8%
Gross profit	20,742	14,918	39.0%
Profit before interest, tax, depreciation and amortisation	1,940	2,571	(24.5%)
Loss and total comprehensive expense for the period attributable to owners of the Company	(10,938)	(12,431)	(12.0%)
	HK cent	HK cent	
Loss per share			
Basic and diluted	(0.21)	(0.24)	
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 2021 (the “**period**”) which have been reviewed by the Company’s audit committee, together with the comparative figures for the six months ended 30 June 2020 as follows.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	NOTES	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	184,287	87,036
Cost of sales		(163,545)	(72,118)
Gross profit		20,742	14,918
Other operating income	6	1,400	2,506
Selling and distribution expenses		(1,613)	(983)
Administrative expenses		(26,005)	(22,108)
Finance costs	7	(5,484)	(6,589)
Loss before tax	9	(10,960)	(12,256)
Income tax credit (expense)	8	22	(175)
Loss and total comprehensive expense for the period		(10,938)	(12,431)
Loss and total comprehensive expense for the period attributable to:			
– Owners of the Company		(10,938)	(12,431)
– Non-controlling interests		–	–
		(10,938)	(12,431)
		HK cent	HK cent
Loss per share			
– Basic and diluted	11	(0.21)	(0.24)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	NOTES	30.6.2021 HK\$'000 (Unaudited)	31.12.2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	98,483	101,225
Right-of-use assets	13	205,796	210,008
Goodwill		–	–
Club debentures		2,397	2,397
Prepayments for the acquisition of property, plant and equipment		131	218
		306,807	313,848
Current assets			
Inventories		39,205	57,112
Trade and other receivables	14	79,580	72,753
Amount due from a related company		1,544	1,017
Bank balances and cash		114,771	113,786
		235,100	244,668
Current liabilities			
Trade and other payables	15	74,598	74,372
Amount due to a Director		76,203	83,238
Lease liabilities		231	1,012
Bank borrowings	16	63,095	63,095
		214,127	221,717
Net current assets		20,973	22,951
Total assets less current liabilities		327,780	336,799



	NOTES	30.6.2021 HK\$'000 (Unaudited)	31.12.2020 HK\$'000 (Audited)
Non-current liabilities			
Convertible bond	17	47,141	45,200
Deferred tax liabilities		376	398
		47,517	45,598
Net assets		280,263	291,201
Capital and reserves			
Share capital	18	52,013	52,013
Reserves		225,520	236,458
Equity attributable to owners of the Company		277,533	288,471
Non-controlling interests		2,730	2,730
Total equity		280,263	291,201



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	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 (ii))	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 2020 (audited)	52,013	399,369	27,167	33,966	824	17	(1,010)	-	(235,867)	276,479	2,730	279,209
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	-	(12,431)	(12,431)	-	(12,431)
At 30 June 2020 (unaudited)	52,013	399,369	27,167	33,966	824	17	(1,010)	-	(248,298)	264,048	2,730	266,778
At 1 January 2021 (audited)	52,013	399,369	8,333	33,966	1,411	17	7,322	22,615	(236,575)	288,471	2,730	291,201
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	-	(10,938)	(10,938)	-	(10,938)
At 30 June 2021 (unaudited)	52,013	399,369	8,333	33,966	1,411	17	7,322	22,615	(247,513)	277,533	2,730	280,263

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. Details are set out in note 17.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Operating activities		
Net cash generated from (used in) operating activities	12,224	(21,116)
Investing activities		
Purchase of property, plant and equipment	(196)	(49)
Prepayment for acquisition of property, plant and equipment	(180)	(8)
Proceeds from disposal of property, plant and equipment	45	–
Interest received	13	754
Net cash (used in) from investing activities	(318)	697
Financing activities		
Repayment of bank borrowings	(51,190)	(47,778)
New bank borrowings raised	51,190	47,778
Repayment to a Director	(7,035)	(3,584)
Interest paid	(3,562)	(3,613)
Payment of lease liabilities	(781)	(794)
Receipts of government grants	457	–
Net cash used in financing activities	(10,921)	(7,991)
Net increase (decrease) in cash and cash equivalents	985	(28,410)
Cash and cash equivalents at 1 January	113,786	118,995
Cash and cash equivalents at 30 June, represented by bank balances and cash	114,771	90,585

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

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 2020.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2021:

Amendment to HKFRS 16	Covid-19 — Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and position 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 from 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 (2020: 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	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	165,210	72,883	19,077	14,153	-	-	-	-	184,287	87,036
Inter-segment sales	-	-	8,546	2,066	-	-	(8,546)	(2,066)	-	-
Other operating income	1,221	1,577	166	176	-	-	-	-	1,387	1,753
Total	166,431	74,460	27,789	16,395	-	-	(8,546)	(2,066)	185,674	88,789
Segment results	(806)	(1,761)	2,663	2,507	(3,342)	(3,361)	-	-	(1,485)	(2,615)
Interest income									13	753
Unallocated corporate expenses									(4,004)	(3,805)
Finance costs									(5,484)	(6,589)
Loss before tax									(10,960)	(12,256)

Segment results represent the (loss incurred) profit earned by each segment without allocation of interest income, central administration expenses, 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	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020	30.6.2021	31.12.2020
	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	209,445	224,694	13,577	12,353	197,866	201,198	420,888	438,245
Unallocated corporate assets								
– Club debentures							2,397	2,397
– Bank balances and cash							114,771	113,786
– Others							3,851	4,088
Total assets							541,907	558,516
Segment liabilities	55,100	53,597	10,651	11,682	7,492	7,492	73,243	72,771
Unallocated corporate liabilities								
– Amount due to a Director							76,203	83,238
– Bank borrowings							63,095	63,095
– Convertible bond							47,141	45,200
– Deferred tax liabilities							376	398
– Others							1,586	2,613
Total liabilities							261,644	267,315

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain right-of-use assets, 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, certain lease liabilities, bank borrowings, convertible bond, deferred tax liabilities and certain other payables.



6. OTHER OPERATING INCOME

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest income	13	753
Sale of scrap materials	20	4
Sample income	100	110
Tooling income	124	9
Gain on disposal of property, plant and equipment	45	–
Rental income	46	146
Government grants	457	1,279
Sundry income	595	205
	1,400	2,506

7. FINANCE COSTS

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest expenses on:		
– Bank borrowings	1,716	1,638
– Convertible bond	1,941	2,998
– Amount due to a Director (note)	1,808	1,890
– Lease liabilities	19	63
	5,484	6,589

Note: Interest at 5% (2020: 5%) per annum was charged on the amount due to a Director for the period.

8. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax	–	188
Deferred tax	(22)	(13)
	(22)	175

- (i) No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2021 and 2020 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% (2020: 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 2021 and 2020.
- (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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amount of inventories recognised as an expense	163,545	72,118
Depreciation of property, plant and equipment	3,204	3,987
Depreciation of right-of-use assets	4,212	4,251
Exchange loss, net	1,593	337
Expenses related to short-term leases	914	856
(Gain) loss on disposal of property, plant and equipment	(45)	611

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 2020: 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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the purposes of		
basic and diluted loss per share	(10,938)	(12,431)

	Six months ended 30 June	
	2021	2020
	'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 2021 and 2020 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\$463,000 (six months ended 30 June 2020: HK\$317,000) on acquisition of property, plant and equipment.

Assets with no net carrying value were disposed of by the Group during the period (six months ended 30 June 2020: approximately HK\$1,297,000), resulting in a net gain on disposal of approximately HK\$45,000 (six months ended 30 June 2020: net loss on disposal of HK\$611,000).

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

	30.6.2021 <i>HK\$'000</i> (Unaudited)	31.12.2020 <i>HK\$'000</i> (Audited)
Land	205,435	208,905
Buildings	361	1,103
	205,796	210,008

Right-of-use assets of approximately HK\$7,651,000 (31 December 2020: HK\$7,796,000) and HK\$197,784,000 (31 December 2020: HK\$201,109,000) represent land use right in the PRC and the CNMI respectively. At 30 June 2021, balance of approximately HK\$7,651,000 (31 December 2020: HK\$7,796,000) was pledged to secure bank borrowings.

There was no addition to the right-of-use assets for the period (six months ended 30 June 2020: nil).



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

(ii) Amounts recognised in profit or loss

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation on right-of-use assets		
– Land	3,470	3,460
– Buildings	742	791
	4,212	4,251
Interest expense on lease liabilities	19	63
Expenses related to short-term leases	914	856

(iii) Others

During the period, total cash outflows for leases including short-term leases amounted to approximately HK\$1,714,000 (six months ended 30 June 2020: HK\$1,713,000). All lease payments of the Group are fixed.

14. TRADE AND OTHER RECEIVABLES

	30.6.2021	31.12.2020
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Trade receivables, at amortised cost	69,774	64,958
Deposits and other receivables	5,608	4,522
Prepayments	3,899	3,098
Prepayments to suppliers	299	175
	79,580	72,753

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 2020: 30 and 60 days). The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

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:

	30.6.2021 <i>HK\$'000</i> (Unaudited)	31.12.2020 <i>HK\$'000</i> (Audited)
0 to 30 days	42,016	26,997
31 to 90 days	27,754	36,697
91 to 180 days	4	1,264
	69,774	64,958

15. TRADE AND OTHER PAYABLES

	30.6.2021 <i>HK\$'000</i> (Unaudited)	31.12.2020 <i>HK\$'000</i> (Audited)
Trade payables	51,265	54,964
Contract liabilities	3,938	294
Accruals and other payables	16,395	19,114
	74,598	74,372

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:

	30.6.2021 <i>HK\$'000</i> (Unaudited)	31.12.2020 <i>HK\$'000</i> (Audited)
0 to 90 days	40,515	41,465
91 to 180 days	7,162	10,596
181 to 365 days	740	382
Over 365 days	2,848	2,521
	51,265	54,964

16. BANK BORROWINGS

	30.6.2021 HK\$'000 (Unaudited)	31.12.2020 HK\$'000 (Audited)
Carrying amount of term loans, secured and repayable within one year	63,095	63,095

During the period, the Group raised new bank borrowings of approximately HK\$51,190,000 (year ended 31 December 2020: HK\$58,678,000) to finance its working capital.

At 30 June 2021, bank borrowings of approximately HK\$63,095,000 are fixed-rate borrowings (31 December 2020: HK\$63,095,000). The fixed-rate borrowings carry interest at 5.44% per annum (31 December 2020: 5.44% per annum).

17. CONVERTIBLE BOND

On 7 November 2016, the Company issued convertible bond (the "CB") 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 (the "Maturity Date"). The CB was interest free, unsecured and denominated in Hong Kong dollars.

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 holder of the CB to the Company.

On 27 November 2020, The Company entered into the amendment letter (the "Amendment Letter") with Wealth Sailor for the extension of (i) the Maturity Date of the CB; and (ii) the conversion period of the CB, from 7 November 2021 to 7 November 2026 (the "Extended Maturity Date"). All other terms of the CB remained unchanged from the Amendment Letter.

17. CONVERTIBLE BOND – CONTINUED

On 30 December 2020, the resolution from independent shareholders of the Company has been passed. New CB instruments and certificates with the Extended Maturity Date were being issued to Wealth Sailor as a replacement of the original CB.

The original CB and the new 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 above-mentioned renewal on 30 December 2020 has been considered as significant modification resulting in the extinguishment of the original CB and the recognition of the new CB.

The fair value of the new CB at the date of issue was valued by the management of the Group and the independent valuer, Vigers Appraisal & Consulting Limited. Based on the fair value valuation prepared by the management of the Group, surplus on modification of the liability component of the CB of approximately HK\$22,615,000 has been recognised in equity under other reserve as owner's transaction for the year ended 31 December 2020.

The difference between the carrying amount of the equity component of the original CB and the fair value of the new CB on 30 December 2020, which was approximately HK\$18,834,000, was recognised in equity under accumulated losses for the year ended 31 December 2020.

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	Equity component of the CB	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2020	61,819	27,167	88,986
Effective interest charge for the year	5,996	–	5,996
Changes upon modification of the CB	(22,615)	(18,834)	(41,449)
At 31 December 2020 and 1 January 2021	45,200	8,333	53,533
Effective interest charge for the period	1,941	–	1,941
At 30 June 2021	47,141	8,333	55,474

The effective interest rates of the liability component of the original CB and the new CB are 9.7% and 8.8% respectively.

17. CONVERTIBLE BOND – CONTINUED

No CB was converted into ordinary shares of the Company during the period (six months ended 30 June 2020: 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 2020: nil). As at 30 June 2021, the principal amount of the CB that remained outstanding amounted to HK\$74,100,000 (31 December 2020: HK\$74,100,000) of which a maximum of 650,000,000 (31 December 2020: 650,000,000) shares may fall to be issued upon their conversions, subject to anti-dilution adjustments provided in the terms of the CB.

The fair values of the original CB and new CB were estimated by using discounted cash flows and the binomial model. The inputs into the model were respectively as follows:

	30.12.2020 (new CB)	7.11.2016 (original CB)
Share price	HK\$0.030	HK\$0.285
Conversion price	HK\$0.114	HK\$0.114
Expected volatility	79%	64%
Expected life	5.9 years	5 years
Risk-free rate	0.422%	0.803%
Expected dividend yield	Nil	Nil

18. SHARE CAPITAL

	Number of shares <i>'000</i>	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 (31 December 2020: HK\$0.01) each		
Authorised		
As at 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	10,000,000	
Issued and fully paid		
As at 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	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, would remain in force for 10 years from that date.

There were no share options granted, cancelled, lapsed nor forfeited during the period (six months ended 30 June 2020: nil).

At 30 June 2021 and at 31 December 2020, no share option remained outstanding and no share option was held by the employees and the Directors.

20. CAPITAL COMMITMENTS

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

	30.6.2021 HK\$'000 (Unaudited)	31.12.2020 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial information in respect of plant and machinery	81	187

21. LITIGATIONS

By an order of the Hong Kong High Court dated 13 May 2021, the writ of summons issued against an indirect wholly-owned subsidiary of the Company in April 2011 was dismissed with no order as to costs upon the joint application of the solicitors for the plaintiff and the solicitors for the defendant by way of Consent Summons filed on 6 May 2021.

The Group had no significant contingent liabilities as at 30 June 2021.



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 2021 and 31 December 2020 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	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Rental expenses paid to Sino Orange (China) Company Limited	(i)	720	720
Subcontracting fee paid to Ningming Tianlong Industry Trading Co., Ltd.* (寧明天隆工貿有限公司)	(ii)	1,581	–
Interest expense on amount due to a Director	(iii)	1,808	1,890

* The English name is for identification purpose only.

Notes:

- (i) The rental expenses 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.
- (ii) The subcontracting fee is paid to a related company, which the spouse of a Director, has beneficial interest in.
- (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 2021 and 31 December 2020.

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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,462	2,473
Post-employment benefits	29	27
	2,491	2,500

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 been taken place subsequent to 30 June 2021 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 26 August 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

The novel coronavirus (“**COVID-19**”) has not vanished in 2021 but persisted in different parts of the world to threaten public health and hinder economic recovery. During the first half year of 2021, the pandemic was alleviated and under better control in regions such as China and Hong Kong which had provided vaccination for the populations. In light of the critical situation, most of the travel restrictions and quarantine measures are still in place to prevent the global spread of COVID-19. There is no clear indication as to when the pandemic will be over to allow the world to revert to normal. Notwithstanding the economic instability, the Group managed to strengthen the golf business through diverse marketing initiatives and collaborations to accommodate the needs of customers. Benefiting from a rebound of the golf market, the golf revenue of the Group surged to more than double during the six months ended 30 June 2021. In addition, the Group has pursued effective measures to continually rationalise the operations and optimise costs to the extent feasible. There was no revenue generated by the hospitality segment during the period as the development of the hospitality business has been postponed until the external restricting factors in the Commonwealth of the Northern Mariana Islands (the “**CNMI**”) are resolved. 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 2021 amounted to approximately HK\$184,287,000 (2020: HK\$87,036,000). Loss for the period attributable to owners of the Company was approximately HK\$10,938,000 (2020: HK\$12,431,000). Basic and diluted loss per share were both approximately HK0.21 cent for the reporting period (2020: HK0.24 cent).

GOLF EQUIPMENT BUSINESS

The golf equipment business has constituted the main operating segment of the Group throughout the years. It generated approximately 89.6% of the Group’s revenue for the six months ended 30 June 2021 (2020: 83.7%). Driven by a rebound of the golf market, the golf equipment sales grew 126.7% to approximately HK\$165,210,000 for the period (2020: HK\$72,883,000).



During the period, sales of golf equipment to the largest segmental customer surged by 118.6% to approximately HK\$75,870,000 (2020: HK\$34,710,000), representing approximately 45.9% (2020: 47.6%) of the segment revenue or approximately 41.2% (2020: 39.9%) of the Group's revenue for the period, respectively. Sales to other key segmental customers increased by various extent to contribute extra income. Revenue generated from the top five segmental customers rose by 1.3 times to approximately HK\$164,394,000 (2020: HK\$70,911,000), representing approximately 99.5% (2020: 97.3%) of the segment revenue or approximately 89.2% (2020: 81.5%) of the Group's revenue for the period, respectively. It is the corporate goal to enhance the market share in the long-term through expanding services to best accommodate the customer needs as well as exploring new business opportunities with other credible golf name brands.

To combat the pandemic, the Group has enforced stringent anti-epidemic measures to minimise infection risk and secure workplace safety for normal operations. Unlike last year, there were no governmental assistance or relief policies offered to enterprises in 2021. The Group had to resume making substantial retirement benefits contribution payments for the employees of the PRC subsidiaries. Most government subsidies awarded for the previous year had ceased in the current period. Besides, the parts and components cost went up remarkably during the period due to a shortage of supply under the increased demand for golf equipment products. These unfavorable factors added up to undermine the contribution margin achievable by the golf equipment business. To mitigate the impact of the cost hikes, the Group reinforced the rationalisation measures to continually streamline the operations and manufacturing process to optimise costs. The increased utilisation of subcontracting arrangements helped bring cost benefit to the Group whilst preserving a high standard of product quality. On the other hand, the Group offered performance incentives to motivate the production workforce to strive for higher productivity and output. The Shandong manufacturing facility had carried out a periodic review of the workforce and took necessary actions to optimise the headcount to match the business volume and market conditions. Through proactive management, the Group was able to sensibly regulate the performance of the golf equipment segment amidst the economic uncertainties.

Benefiting from a boost in sales, the golf equipment segment managed to reduce the segment loss for the six months ended 30 June 2021 to approximately HK\$806,000 which was down 54.2% from the segment loss of approximately HK\$1,761,000 incurred for the comparative period in 2020. Having considered the order book status and the impact of the pandemic, it is anticipated that the golf equipment business will be operating under intense pressure with great challenge in the second half year. The golf equipment segment is devoted to strengthening the customer relationship through diverse marketing initiatives and collaborations to best accommodate the customer needs. The management has adopted a prudent view with caution on the prospect of the golf equipment business in the second half year of 2021.



GOLF BAGS BUSINESS

Stimulated by the strong golf equipment sales, the Group's revenue attributable to the golf bags segment, defined as comprising the sales of golf bags and accessories to external customers, increased by 34.8% to approximately HK\$19,077,000 (2020: HK\$14,153,000), representing approximately 10.4% of the Group's revenue for the six months ended 30 June 2021 (2020: 16.3%). Total sales of the golf bags segment, before elimination of the inter-segmental sales of approximately HK\$8,546,000 (2020: HK\$2,066,000), increased by 70.3% to approximately HK\$27,623,000 during the period (2020: HK\$16,219,000). The inter-segmental sales represented the golf bags produced as components for the orders of golf club sets placed by customers with the golf equipment segment. The sales of the golf club sets have been classified as the revenue of the golf equipment segment in accordance with the Group's policy.

The segment revenue for the period comprised golf bags sales of approximately HK\$15,733,000 (2020: HK\$11,339,000) and accessories sales mainly sports bags of approximately HK\$3,344,000 (2020: HK\$2,814,000), representing approximately 82.5% (2020: 80.1%) and approximately 17.5% (2020: 19.9%) of the segment revenue, respectively. Both the golf bags and sports bags sales showed consistent rebound during the period.

Sales to the largest segmental customer jumped by 50.9% to approximately HK\$8,508,000 during the period (2020: HK\$5,637,000), representing approximately 44.6% (2020: 39.8%) of the segment revenue or approximately 4.6% (2020: 6.5%) of the Group's revenue for the period, respectively. Sales to other key segmental customers increased significantly to contribute additional revenue. Revenue generated from the top five segmental customers escalated by 43.9% to approximately HK\$18,268,000 (2020: HK\$12,693,000) representing approximately 95.8% (2020: 89.7%) of the segment revenue or approximately 9.9% (2020: 14.6%) of the Group's revenue for the period, respectively. Notwithstanding that, the contribution from the increased segmental sales was eroded to some extent due to the non-recurrence of governmental subsidies and cost relief policies in the current period. The golf bags segment has reinforced the rationalisation measures to persistently streamline the operations to eliminate inefficiencies and optimise costs for the long-term development.

Amidst the cost hikes and the impact of the pandemic, the golf bags segment managed to record a segment profit of approximately HK\$2,663,000 for the six months ended 30 June 2021 (2020: HK\$2,507,000). Taking into account the order book status and the challenges of the pandemic, the management has held a cautious view on the outlook of the golf bags business for the second half year of 2021.



HOSPITALITY BUSINESS

The Board has been exploring appropriate diversification business opportunities and/or investments to expand the revenue sources and enhance the long-term growth potential of the Group. With the optimistic view of the tourism and golf related industries in the CNMI, the Group acquired Lucky Fountain Holdings Limited and its subsidiaries (the “**Lucky Fountain Group**”) in 2016. The principal assets of the Lucky Fountain Group are the twelve land parcels located in the CNMI with a total site area of approximately 79,529 square metres. The acquisition of the Lucky Fountain Group 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.

Subsequent to the acquisition of the Lucky Fountain Group, due to the shortage of local construction workers and uncertainty of overseas working visa quota in the CNMI since 2017, the development of hospitality business has been postponed. The development will be postponed until all external factors have been solved.

During the current period ended, no revenue (2020: nil) was generated from the hospitality business.



PROSPECTS

The COVID-19 has continued in 2021 and persisted in different parts of the world to jeopardise human health causing casualties. It retards the restoration of the business sector as most of the travel restrictions and quarantine measures are still in place to combat the pandemic. Benefiting from a rebound of the golf market, the business of the Group has recovered significantly during the six months ended 30 June 2021. However, there came the cost hikes brought about by the tight supply of parts and components which undermined the product contribution margin as a consequence. It is anticipated that the economic conditions will remain volatile with great challenge in the second half year of 2021. Amidst the on-going challenge of the pandemic, the Group has pursued effective measures to rationalise the operations and optimise costs. To substantiate the long-term development of the golf business, the Group is devoted to strengthening the customer portfolio through diverse marketing initiatives and extensive collaborations to best accommodate the customer needs. More importantly, the Group has possessed a solid financial position with adequate funds to finance its operations and discharge the liabilities when due. The management has maintained a prudent view with caution on the prospect of the golf business for the foreseeable future.

On the other hand, the acquisition of the Lucky Fountain Group in 2016 provides the Group with the opportunity to diversify its business and the potential to enhance its revenue sources. 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.

Projecting into the future, 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.

DIVIDEND

The Board resolved not to recommend the payment of any dividend for the six months ended 30 June 2021 (2020: 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 2021, bank balances and cash, which were mostly denominated in United States dollars, Hong Kong dollars and Renminbi, amounted to approximately HK\$114,771,000 (31 December 2020: HK\$113,786,000). As at 30 June 2021, interest-bearing borrowings of the Group comprising bank borrowings amounted to RMB53,000,000 which was equivalent to approximately HK\$63,095,000 (31 December 2020: RMB53,000,000 which was equivalent to approximately HK\$63,095,000), of which all were repayable within one year and carried interest at approximately 5.44% (31 December 2020: 5.44%) per annum. Bank borrowings were fixed rate borrowings denominated in Renminbi as at 30 June 2021 and 31 December 2020. Amount due to a Director of approximately HK\$76,203,000 as at 30 June 2021 (31 December 2020: HK\$83,238,000) was unsecured, carrying interest at 5% per annum and repayable on demand.

As at 30 June 2021, the gearing ratio, defined as bank borrowings, amount due to a Director and convertible bond less bank balances and cash of approximately HK\$71,668,000 (31 December 2020: HK\$77,747,000) divided by the total equity of approximately HK\$280,263,000 (31 December 2020: HK\$291,201,000) decreased to approximately 25.6% (31 December 2020: 26.7%).

As at 30 June 2021, the total assets and the net assets value of the Group amounted to approximately HK\$541,907,000 (31 December 2020: HK\$558,516,000) and approximately HK\$280,263,000 (31 December 2020: HK\$291,201,000), respectively. Current and quick ratios as at 30 June 2021 were approximately 1.10 (31 December 2020: 1.10) and approximately 0.92 (31 December 2020: 0.85), respectively. Both the current ratio and quick ratio remained relatively stable and reasonable. The Group has pursued to continually explore feasible ways to 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 2021.

PLEDGE OF ASSETS

As at 30 June 2021, bank borrowings from a PRC bank of RMB53,000,000 which was equivalent to approximately HK\$63,095,000 (31 December 2020: RMB53,000,000 which was equivalent to approximately HK\$63,095,000) were secured by property, plant and equipment and the right-of-use assets of the Group with a carrying value of approximately HK\$101,730,000 (31 December 2020: HK\$103,391,000).

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 RMB. The Group is exposed to foreign currency risk due to the exchange rate fluctuation of RMB against HK\$ and US\$. The Group had not entered into any derivative contracts to hedge against the risk for the six months ended 30 June 2021. The Group will review and monitor its currency exposure from time to time and when appropriate hedge its currency risk.

CONTINGENT LIABILITIES

By an order of the Hong Kong High Court dated 13 May 2021, the writ of summons issued against an indirect wholly-owned subsidiary of the Company in April 2011 was dismissed with no order as to costs upon the joint application of the solicitors for the plaintiff and the solicitors for the defendant by way of Consent Summons filed on 6 May 2021.

The Group had no significant contingent liabilities as at 30 June 2021.

EVENT AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 30 June 2021 up to the date of interim results announcement.

CAPITAL COMMITMENTS

As at 30 June 2021, the Group had capital commitments, which are contracted but not provided for in the condensed consolidated financial information, in respect of leasehold land and building and plant and machinery amounting to approximately HK\$81,000 (31 December 2020: HK\$187,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had approximately 820 employees (31 December 2020: 780 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 2021, 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 2021, 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 2021, 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	583,634,355	11.22%
Mr. Jiang Jianhui	(h)	Beneficial interest held by controlled corporation	583,634,355	11.22%



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 2021, 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 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) Mr. Jiang Jianhui directly holds 80% 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 2021, no person, other than the Directors of the Company, 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.



SHARE OPTION SCHEME

By an ordinary resolution passed at the annual general meeting held on 5 June 2012, the Company had terminated the original share option scheme (the “**Original Share Option Scheme**”) and adopted a new share option scheme (the “**New Share Option Scheme**”) as replacement. The Original Share Option Scheme was adopted since 7 August 2002 which would otherwise have expired on 6 August 2012 if not terminated. There were no options outstanding under the Original Share Option Scheme.

The purpose of the New Share Option Scheme is to enable the Company to continue to grant options to eligible participants which have been extended to include the employees (including any Director, whether executive or non-executive and whether independent or not) in full-time or part-time employment with the Group or any entity in which the Group holds an equity interest (the “**Invested Entity**”) as well as contracted celebrity, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group or any Invested Entity, or any persons who, in the sole discretion of the Board, have contributed or may contribute to the Group or any Invested Entity. The New Share Option Scheme aims to provide incentives and help the Group in retaining its employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group.

The New Share Option Scheme has taken effect since the Stock Exchange granted approval on 6 June 2012 for the listing of shares which may be issued by the Company upon the exercise of options granted thereunder and, unless otherwise terminated or amended, will remain in force for 10 years from its adoption date on 5 June 2012.

As at 30 June 2021, no share option remained outstanding and no share option was held by the Directors and the employees. There were no share options granted, exercised, cancelled, lapsed nor forfeited during the six months ended 30 June 2021.

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 2021.



CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) set out under Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021, except for certain deviations which are explained below:

- (a) Under code provision A.2.1 of the CG Code, 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. The roles of the chairman and chief executive officer have not been separated for the Company. 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.
- (b) Code provision A.4.1 of the CG Code requires that non-executive Directors should be appointed for a specific term, subject to re-election. Although the non-executive Directors and independent non-executive Directors of the Company have not been appointed for any specific terms, the requirement of the code provision is effectively met as those non-executive Directors and independent non-executive Directors are required to retire by rotation once every three years and subject to re-election at the Company’s annual general meeting in accordance with the Company’s Bye-laws.

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 2021.



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 2021 (during the six months ended 30 June 2020: 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 2021.

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 2021 (during the six months ended 30 June 2020: 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 2021 (during the six months ended 30 June 2020: 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, 26 August 2021

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

