

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2022**

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 2022 (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 2022

		Six months ended 30 June	
		2022	2021
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	269,091	184,287
Cost of sales		(236,584)	(163,545)
Gross profit		32,507	20,742
Other operating income	5	1,636	1,400
Selling and distribution expenses		(1,442)	(1,613)
Administrative expenses		(29,654)	(26,005)
Finance costs	6	(6,913)	(5,484)
Loss before tax	8	(3,866)	(10,960)
Income tax (expense) credit	7	(1,033)	22
Loss for the period		(4,899)	(10,938)

* *for identification purpose only*

		Six months ended 30 June	
		2022	2021
	<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		<u>(1,486)</u>	–
Other comprehensive expense for the period, net of income tax		<u>(1,486)</u>	–
Total comprehensive expense for the period		<u><u>(6,385)</u></u>	<u><u>(10,938)</u></u>
Loss for the period attributable to:			
– Owners of the Company		(4,899)	(10,938)
– Non-controlling interests		–	–
		<u><u>(4,899)</u></u>	<u><u>(10,938)</u></u>
Total comprehensive expense for the period attributable to:			
– Owners of the Company		(6,385)	(10,938)
– Non-controlling interests		–	–
		<u><u>(6,385)</u></u>	<u><u>(10,938)</u></u>
		<i>HK cent</i>	<i>HK cent</i>
Loss per share			
– Basic and diluted	<i>10</i>	<u><u>(0.09)</u></u>	<u><u>(0.21)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>NOTES</i>	30.6.2022 <i>HK\$'000</i> (Unaudited)	31.12.2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		86,391	91,784
Right-of-use assets		199,463	204,919
Goodwill		–	–
Club debentures		1,322	1,322
Prepayments for the acquisition of property, plant and equipment		617	1,157
		287,793	299,182
Current assets			
Inventories		33,465	55,905
Trade and other receivables	<i>11</i>	111,448	79,695
Bank balances and cash		128,325	122,730
		273,238	258,330
Current liabilities			
Trade and other payables	<i>12</i>	115,149	100,262
Amount due to a director		60,128	63,463
Lease liabilities		2,080	2,124
Income tax payable		993	149
Bank borrowings		62,353	65,432
		240,703	231,430
Net current assets		32,535	26,900
Total assets less current liabilities		320,328	326,082

		30.6.2022	31.12.2021
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Convertible bond		51,290	49,189
Lease liabilities		7,352	8,822
Deferred tax liabilities		354	354
		<u>58,996</u>	<u>58,365</u>
Net assets		<u>261,332</u>	<u>267,717</u>
Capital and reserves			
Share capital	<i>13</i>	52,013	52,013
Reserves		<u>206,589</u>	<u>212,974</u>
Equity attributable to owners of the Company		258,602	264,987
Non-controlling interests		<u>2,730</u>	<u>2,730</u>
Total equity		<u>261,332</u>	<u>267,717</u>

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), which include HKFRSs, Hong Kong Accounting Standards (“**HKASs**”), issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle

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.

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 (2021: three) reportable and operating segments as follows:

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

(a) Segment revenue and results

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

	For the six months ended 30 June									
	Golf equipment		Golf bags		Hospitality		Eliminations		Consolidated	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Segment revenue:										
Sales to external customers	238,495	165,210	30,596	19,077	-	-	-	-	269,091	184,287
Inter-segment sales	-	-	5,182	8,546	-	-	(5,182)	(8,546)	-	-
Other operating income	1,423	1,221	194	166	-	-	-	-	1,617	1,387
Total	<u>239,918</u>	<u>166,431</u>	<u>35,972</u>	<u>27,789</u>	<u>-</u>	<u>-</u>	<u>(5,182)</u>	<u>(8,546)</u>	<u>270,708</u>	<u>185,674</u>
Segment results	<u>8,075</u>	<u>(806)</u>	<u>3,856</u>	<u>2,663</u>	<u>(3,353)</u>	<u>(3,342)</u>	<u>-</u>	<u>-</u>	<u>8,578</u>	<u>(1,485)</u>
Interest income									19	13
Unallocated corporate expenses									(5,550)	(4,004)
Finance costs									<u>(6,913)</u>	<u>(5,484)</u>
Loss before tax									<u>(3,866)</u>	<u>(10,960)</u>

Segment results represent the profit earned (loss incurred) 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.

(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	
	30.6.2022 HK\$'000 (Unaudited)	31.12.2021 HK\$'000 (Audited)	30.6.2022 HK\$'000 (Unaudited)	31.12.2021 HK\$'000 (Audited)	30.6.2022 HK\$'000 (Unaudited)	31.12.2021 HK\$'000 (Audited)	30.6.2022 HK\$'000 (Unaudited)	31.12.2021 HK\$'000 (Audited)
Segment assets	<u>222,173</u>	<u>218,080</u>	<u>22,489</u>	<u>25,523</u>	<u>182,980</u>	<u>186,322</u>	<u>427,642</u>	<u>429,925</u>
Unallocated corporate assets								
– Club debentures							<u>1,322</u>	<u>1,322</u>
– Bank balances and cash							<u>128,325</u>	<u>122,730</u>
– Others							<u>3,742</u>	<u>3,535</u>
Total assets							<u><u>561,031</u></u>	<u><u>557,512</u></u>
Segment liabilities	<u>95,588</u>	<u>79,019</u>	<u>18,140</u>	<u>22,087</u>	<u>7,500</u>	<u>7,500</u>	<u>121,228</u>	<u>108,606</u>
Unallocated corporate liabilities								
– Amount due to a director							<u>60,128</u>	<u>63,463</u>
– Income tax payable							<u>993</u>	<u>149</u>
– Bank borrowings							<u>62,353</u>	<u>65,432</u>
– Convertible bond							<u>51,290</u>	<u>49,189</u>
– Deferred tax liabilities							<u>354</u>	<u>354</u>
– Others							<u>3,353</u>	<u>2,602</u>
Total liabilities							<u><u>299,699</u></u>	<u><u>289,795</u></u>

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, income tax payable, bank borrowings, convertible bond, deferred tax liabilities and certain other payables.

5. OTHER OPERATING INCOME

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Interest income	19	13
Sale of scrap materials	31	20
Sample income	141	100
Tooling income	254	124
Gain on disposal of property, plant and equipment	65	45
Rental income	–	46
Government grants	677	457
Sundry income	449	595
	<u>1,636</u>	<u>1,400</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Interest expenses on:		
– Bank borrowings	1,438	1,716
– Convertible bond	2,101	1,941
– Amount due to a director (<i>note</i>)	3,095	1,808
– Lease liabilities	279	19
	<u>6,913</u>	<u>5,484</u>

Note: Interest at 9.75% (2021: 5%) per annum was charged on the amount due to a director for the six months ended 30 June 2022.

7. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
The People's Republic of China (the "PRC")		
Enterprise Income Tax	1,033	–
Deferred tax	–	(22)
	<u>1,033</u>	<u>(22)</u>

- (i) No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2022 and 2021 as there are no assessable profits generated or the estimated assessable profit has been offset by tax losses brought forward from previous years.
- (ii) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.
- (iii) The corporate income tax in the CNMI is calculated at 30% of the estimated profit. No provision for corporate income tax for the subsidiary incorporated in the CNMI has been made as no income has been derived from the CNMI during the six months ended 30 June 2022 and 2021.
- (iv) The Group is not subject to taxation in other jurisdiction.

8. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Amount of inventories recognised as an expense	236,584	163,545
Depreciation of property, plant and equipment	3,056	3,204
Depreciation of right-of-use assets	4,608	4,212
Exchange loss, net	1,420	1,593
Expenses related to short-term leases	978	914
Gain on disposal of property, plant and equipment	<u>(65)</u>	<u>(45)</u>

11. TRADE AND OTHER RECEIVABLES

	30.6.2022 <i>HK\$'000</i> (Unaudited)	31.12.2021 <i>HK\$'000</i> (Audited)
Trade receivables, at amortised cost	95,211	66,989
Deposits and other receivables	10,750	8,315
Prepayments	4,983	4,081
Prepayments to suppliers	504	310
	111,448	79,695

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 2021: 30 and 60 days). The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.
- (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:

	30.6.2022 <i>HK\$'000</i> (Unaudited)	31.12.2021 <i>HK\$'000</i> (Audited)
0 to 30 days	61,085	50,897
31 to 90 days	34,126	15,838
91 to 180 days	-	254
	95,211	66,989

12. TRADE AND OTHER PAYABLES

	30.6.2022 <i>HK\$'000</i> (Unaudited)	31.12.2021 <i>HK\$'000</i> (Audited)
Trade payables	85,902	73,631
Contract liabilities	1,786	3,985
Accruals and other payables	27,461	22,646
	115,149	100,262

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

	30.6.2022 <i>HK\$'000</i> (Unaudited)	31.12.2021 <i>HK\$'000</i> (Audited)
0 to 90 days	77,759	60,047
91 to 180 days	6,045	9,736
181 to 365 days	377	611
Over 365 days	1,721	3,237
	85,902	73,631

13. SHARE CAPITAL

	Number of shares <i>'000</i>	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 (31 December 2021: HK\$0.01) each		
Authorised		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	10,000,000	
Issued and fully paid		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	5,201,250	52,013

14. EVENT AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 30 June 2022 up to the date of interim results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

The novel coronavirus (“**COVID-19**”) has prevailed since 2020 to jeopardise public health and retard global economy. The pandemic persisted in the past two years though it had been alleviated through mass vaccination for the population. There is however no clear indication when the pandemic will be over so as to restore the order of public health and global economy. Notwithstanding the economic uncertainties, the Group managed to strengthen the golf business through diverse marketing initiatives and customer collaborations. As the golf market continued to rebound in 2022, the golf revenue of the Group increased significantly during the six months ended 30 June 2022. 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 prevailing in the Commonwealth of the Northern Mariana Islands (the “**CNMI**”) are resolved. Facing the challenges of the pandemic, the Group has pursued requisite measures to continually rationalise the operations and optimise costs to uphold our competitive edge. In addition, 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 2022 amounted to approximately HK\$269,091,000 (2021: HK\$184,287,000). Loss for the period attributable to owners of the Company was approximately HK\$4,899,000 (2021: HK\$10,938,000). Basic and diluted loss per share were both approximately HK0.09 cent for the reporting period (2021: HK0.21 cent).

GOLF EQUIPMENT BUSINESS

The golf equipment business has been the main operating segment of the Group throughout the years. It generated approximately 88.6% of the Group’s revenue for the six months ended 30 June 2022 (2021: 89.6%). Driven by a persistent rebound of the golf market, the golf equipment sales surged by approximately 44.4% to approximately HK\$238,495,000 for the period (2021: HK\$165,210,000).

During the period, sales of golf equipment to the largest segmental customer went up approximately 53.6% to approximately HK\$116,571,000 (2021: HK\$75,870,000), representing approximately 48.9% (2021: 45.9%) of the segment revenue or approximately 43.3% (2021: 41.2%) of the Group’s revenue for the period, respectively. Sales to other key segmental customers also increased notably to contribute extra revenue. Revenue generated from the top five segmental customers escalated by approximately 43.0% to approximately HK\$235,123,000 (2021: HK\$164,394,000), representing approximately 98.6% (2021: 99.5%) of the segment revenue or approximately 87.4% (2021: 89.2%) of the Group’s revenue for the period, respectively. It is the corporate strategy to uphold the market share through provision of value added services to intensify customer satisfaction as well as exploring new business opportunities with other reputable golf name brands.

To effectively combat the pandemic, the Group has adopted stringent anti-pandemic measures to minimise infection risk and secure workplace safety including flexible working hours, quarantine requirements, mask wearing and desirable personal hygiene practices. In reaction to the prolonged pandemic, the Hong Kong government has resumed offering financial assistance to qualified enterprises through the Employment Support Scheme for 2022 to help ease the burden of the business sector. During the period, the Group was awarded wages subsidies of HK\$240,000 upon our application to the scheme. The Group also obtained other subsidies for approximately HK\$437,000 from the PRC government for employment stabilisation purpose. On the other hand, the parts and components cost escalated during the period due to the shortage of supply under the pandemic which undermined the contribution margin against a boost in sales amidst the rebounded golf market. To mitigate the impact of the cost hikes, the Group strengthened the rationalisation measures to streamline the manufacturing process to enhance the production efficiency and output. Further, the increased utilisation of subcontracting arrangements helped bring additional cost savings for the Group while maintaining the prescribed product quality. In addition, the Group offered attractive performance incentives to motivate the production workforce to strive for higher productivity and output. The Shandong manufacturing facility had pursued a periodic review to assess the workforce status and took requisite actions to optimise the workforce headcount to match the business volume and market conditions. Driven by the proactive management, the Group was able to sensibly monitor the performance of the golf equipment segment notwithstanding the economic uncertainties.

Attributable to the increased demand with a sales boost, the golf equipment segment has achieved a segment profit of approximately HK\$8,075,000 for the six months ended 30 June 2022 in contrast to the segment loss of approximately HK\$806,000 incurred for the comparative period in 2021. Having considered the order book status and the long-lasting pandemic, it is envisaged that the golf equipment business will continue to operate in a stagnant market with great challenges in the second half year. The Group is committed to substantiating the long-term development of the golf equipment segment via diverse marketing initiatives and customer collaborations with value-added services. The management has adopted a prudent view with caution on the prospect of the golf equipment business in the second half year of 2022.

GOLF BAGS BUSINESS

Concurrent with 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 approximately 60.4% to approximately HK\$30,596,000 (2021: HK\$19,077,000), representing approximately 11.4% of the Group's revenue for the six months ended 30 June 2022 (2021: 10.4%). Total sales of the golf bags segment, before elimination of the inter-segmental sales of approximately HK\$5,182,000 (2021: HK\$8,546,000), increased by approximately 29.5% to approximately HK\$35,778,000 during the period (2021: HK\$27,623,000). 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\$26,089,000 (2021: HK\$15,733,000) and accessories sales mainly sports bags of approximately HK\$4,507,000 (2021: HK\$3,344,000), representing approximately 85.3% (2021: 82.5%) and approximately 14.7% (2021: 17.5%) of the segment revenue, respectively. Both the golf bags and sports bags sales demonstrated a growing trend during the period.

Sales to the largest segmental customer nearly doubled to approximately HK\$16,695,000 during the period (2021: HK\$8,508,000), representing approximately 54.6% (2021: 44.6%) of the segment revenue or approximately 6.2% (2021: 4.6%) of the Group's revenue for the period, respectively. Sales to other key segmental customers increased generally to contribute additional revenue. Revenue generated from the top five segmental customers surged by approximately 65.3% to approximately HK\$30,204,000 (2021: HK\$18,268,000), representing approximately 98.7% (2021: 95.8%) of the segment revenue or approximately 11.2% (2021: 9.9%) of the Group's revenue for the period, respectively. To facilitate the long-term development, the golf bags segment pursued to persistently streamline the operations to reinforce the production base and optimise costs to the extent feasible.

Despite the impact of the pandemic, the golf bags segment managed to uphold its performance to record a segment profit of approximately HK\$3,856,000 for the six months ended 30 June 2022 (2021: HK\$2,663,000). 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 2022.

HOSPITALITY BUSINESS

The Board has been exploring appropriate diversification 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 (2021: nil) was generated from the hospitality business.

PROSPECTS

The COVID-19 has persisted longer than most people could imagine, it continues in 2022 in most countries to jeopardise human health and hinder economic recovery. Benefiting from a remarkable rebound in golf market with increased demand, the golf business of the Group has recovered further with momentum during the six months ended 30 June 2022. However, we have concurrently experienced cost hikes caused by the shortage of supply of parts and components which undermine the product contribution margin inevitably. It is anticipated that the market conditions will remain volatile and highly competitive in the second half year of 2022. Facing the persistent challenges of the pandemic, the Group has pursued requisite measures to rationalise the operations and optimise costs to preserve our competitive edge. To substantiate the long-term development of the golf business, the Group is devoted to strengthen the customer relationship through diverse marketing initiatives and extensive collaborations to better accommodate the customer requirements. More importantly, the Group has possessed a solid financial position with sufficient 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.

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.

DIVIDEND

The Board resolved not to recommend the payment of any dividend for the six months ended 30 June 2022 (2021: 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 2022, bank balances and cash, which were mostly denominated in United States dollars, Hong Kong dollars and Renminbi, amounted to approximately HK\$128,325,000 (31 December 2021: HK\$122,730,000). As at 30 June 2022, interest-bearing borrowings of the Group comprising bank borrowings amounted to RMB53,000,000 which was equivalent to approximately HK\$62,353,000 (31 December 2021: RMB53,000,000 which was equivalent to approximately HK\$65,432,000), of which all were repayable within one year and carried interest ranging from approximately 4.20% to 4.35% (31 December 2021: 4.35% to 5.44%) per annum. Bank borrowings were fixed rate borrowings denominated in Renminbi as at 30 June 2022 and 31 December 2021. Amount due to a director of approximately HK\$60,128,000 as at 30 June 2022 (31 December 2021: HK\$63,463,000) was unsecured, carrying interest at 9.75% (31 December 2021: 9.75%) per annum and repayable on demand.

As at 30 June 2022, the gearing ratio, defined as bank borrowings, amount due to a director and convertible bond less bank balances and cash of approximately HK\$45,446,000 (31 December 2021: HK\$55,354,000) divided by the total equity of approximately HK\$261,332,000 (31 December 2021: HK\$267,717,000) decreased to approximately 17.4% (31 December 2021: 20.7%).

As at 30 June 2022, the total assets and the net assets value of the Group amounted to approximately HK\$561,031,000 (31 December 2021: HK\$557,512,000) and approximately HK\$261,332,000 (31 December 2021: HK\$267,717,000), respectively. Current and quick ratios as at 30 June 2022 were approximately 1.14 (31 December 2021: 1.12) and approximately 1.00 (31 December 2021: 0.87), respectively. Both the current ratio and quick ratio were relatively improved and stayed solid. The Group has been pursuing feasible ways to further 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 2022.

PLEDGE OF ASSETS

As at 30 June 2022, bank borrowings from a PRC bank of RMB53,000,000 which was equivalent to approximately HK\$62,353,000 (31 December 2021: RMB53,000,000 which was equivalent to approximately HK\$65,432,000) were secured by property, plant and equipment and the right-of-use assets of the Group with a carrying value of approximately HK\$89,803,000 (31 December 2021: HK\$95,933,000).

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 2022. 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 2022.

EVENT AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 30 June 2022 up to the date of interim results announcement.

CAPITAL COMMITMENTS

As at 30 June 2022, 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\$381,000 (31 December 2021: HK\$384,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had approximately 980 employees (31 December 2021: 970 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 2022.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") set out in Part 2 of Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022, except for certain deviation which is explained below:

Under code provision C.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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as the Company’s code of conduct for dealings in securities of the Company by the Directors. Upon specific enquiry, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2022.

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 2022.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

APPRECIATION

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

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

Hong Kong, 26 August 2022

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