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SINO GOLF HOLDINGS LIMITED

順龍控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00361)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Sino Golf Holdings Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>NOTES</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	262,770	216,555
Cost of sales		<u>(194,176)</u>	<u>(168,375)</u>
Gross profit		68,594	48,180
Other operating income	4	3,550	4,677
Selling and distribution expenses		(105)	(1,874)
Administrative expenses		(63,645)	(57,838)
Loss on revaluation of ownership interest in leasehold land and buildings		–	(52)
Finance costs	5	<u>(8,451)</u>	<u>(10,508)</u>
Loss before tax		(57)	(17,415)
Income tax expenses	6	<u>(2,307)</u>	<u>(1,122)</u>
Loss for the year	7	<u>(2,364)</u>	<u>(18,537)</u>

* *for identification purpose only*

	<i>NOTE</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<u>(296)</u>	<u>(558)</u>
Other comprehensive expense for the year, net of income tax		<u>(296)</u>	<u>(558)</u>
Total comprehensive expense for the year		<u>(2,660)</u>	<u>(19,095)</u>
Loss for the year attributable to:			
Owners of the Company		(2,364)	(18,537)
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>(2,364)</u>	<u>(18,537)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(2,660)	(19,095)
Non-controlling interests		<u>—</u>	<u>—</u>
		<u>(2,660)</u>	<u>(19,095)</u>
		<i>HK cent</i>	<i>HK cent</i>
LOSS PER SHARE	8		
Basic and diluted		<u>(0.05)</u>	<u>(0.36)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	<i>NOTES</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		65,295	69,022
Right-of-use assets		161,902	168,179
Goodwill		–	–
Club debentures		1,322	1,322
Prepayments for the acquisition of property, plant and equipment		128	132
		228,647	238,655
Current assets			
Inventories		18,736	17,814
Trade and other receivables	<i>10</i>	36,581	19,899
Bank balances and cash		116,008	111,965
		171,325	149,678
Current liabilities			
Trade and other payables	<i>11</i>	50,984	40,673
Lease liabilities		108	103
Income tax payable		1,026	180
Bank borrowings		56,383	58,242
		108,501	99,198
Net current assets		62,824	50,480
Total assets less current liabilities		291,471	289,135
Non-current liabilities			
Convertible bond		63,351	58,227
Lease liabilities		508	636
		63,859	58,863
Net assets		227,612	230,272
Capital and reserves			
Share capital	<i>12</i>	52,013	52,013
Reserves		172,869	175,529
Equity attributable to owners of the Company		224,882	227,542
Non-controlling interests		2,730	2,730
Total equity		227,612	230,272

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain ownership interest in leasehold land and buildings included in property, plant and equipment that are measured at revalued amounts at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amended HKFRSs that are effective for annual periods beginning on 1 January 2024

In the current year, the Group has applied, for the first time, the following amended HKFRSs, which include HKFRSs, Hong Kong Accounting Standards (“**HKAS(s)**”), issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2024:

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

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

New and amendments to HKFRSs issued but not yet effective

At the date of authorisation of these consolidated financial statements, certain amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 replaces HKAS 1 “Presentation of Financial Statements”. It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”.

HKFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely “**operating profits**” and “**profits before financing and income tax**”), and classifying items into five newly defined categories (namely “**operating**”, “**investing**”, “**financing**”, “**income tax**” and “**discontinued operation**”), depending on the reporting entity's main business activities, in the statement of profit or loss;
- disclosure of management-defined performance measures (“**MPMs**”) in a single note to the financial statements; and

- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to HKAS 7 “Statement of Cash Flows”, which includes:

- using “operating profit or loss” as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated. In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other HKFRSs, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Group are still in the process of assessing the impact of HKFRS 18, particularly with respect to the structure of the Group’s consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs.

3. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker (the “**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. The CODM have chosen to organise the Group around differences in products. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable segments are as follows:

Golf equipment	–	Manufacture and sales of golf equipment and related components and parts.
Golf bags	–	Trading (2023: Manufacture and sales) of golf bags, other accessories, and related components and parts.
Hospitality	–	Development of integrated resort in the Commonwealth of the Northern Mariana Islands (the “ CNMI ”).

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December

	Golf equipment		Golf bags		Hospitality		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	240,569	194,369	22,201	22,186	-	-	-	-	262,770	216,555
Inter-segment sales	-	-	-	16,251	-	-	-	(16,251)	-	-
Other operating income	1,176	2,270	74	883	-	-	-	-	1,250	3,153
Total	<u>241,745</u>	<u>196,639</u>	<u>22,275</u>	<u>39,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,251)</u>	<u>264,020</u>	<u>219,708</u>
Segment results	<u>25,363</u>	<u>11,288</u>	<u>1,206</u>	<u>1,066</u>	<u>(5,708)</u>	<u>(5,818)</u>	<u>-</u>	<u>-</u>	<u>20,861</u>	<u>6,536</u>
Interest income									2,300	1,524
Unallocated corporate expenses									(14,767)	(14,967)
Finance costs									(8,451)	(10,508)
Loss before tax									<u>(57)</u>	<u>(17,415)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit/(loss) from each segment without allocation of interest income, central administration costs, directors' emoluments and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged with reference to market prices.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

At 31 December

	Golf equipment		Golf bags		Hospitality		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<u>120,789</u>	<u>96,900</u>	<u>3,155</u>	<u>13,404</u>	<u>155,417</u>	<u>161,091</u>	<u>279,361</u>	<u>271,395</u>
Unallocated corporate assets								
– Club debentures							1,322	1,322
– Bank balances and cash							116,008	111,965
– Others							<u>3,281</u>	<u>3,651</u>
Total assets							<u>399,972</u>	<u>388,333</u>
Segment liabilities	<u>40,068</u>	<u>29,309</u>	<u>1,161</u>	<u>1,579</u>	<u>7,515</u>	<u>7,515</u>	<u>48,744</u>	<u>38,403</u>
Unallocated corporate liabilities								
– Income tax payable							1,026	180
– Bank borrowings							56,383	58,242
– Convertible bond							63,351	58,227
– Others							<u>2,856</u>	<u>3,009</u>
Total liabilities							<u>172,360</u>	<u>158,061</u>

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

- all assets are allocated to operating segments other than club debentures, bank balances and cash, certain other receivables, certain inventories and plant and equipment for central administrative purpose; and
- all liabilities are allocated to operating segments other than income tax payable, bank borrowings, convertible bond and certain other payables.

(c) Geographical information

The Group's customers are located in Japan, North America, Europe, Asia (excluding Japan) and other locations.

Information about the Group's revenue from external customers is presented based on the geographical location of shipment:

	Revenue from external customers	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Japan	102,567	123,587
North America	88,388	54,608
Europe	29,189	18,514
Asia (excluding Japan)	18,297	10,526
Others	24,329	9,320
	<u>262,770</u>	<u>216,555</u>

Information about the Group's non-current assets is presented based on the geographical location of the assets:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
The CNMI	155,388	161,056
The People's Republic of China (the "PRC"), excluding Hong Kong	68,315	75,354
Hong Kong of the PRC (country of domicile)	4,944	2,245
	<u>228,647</u>	<u>238,655</u>

(d) **Other segment information**

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 December

	Golf equipment		Golf bags		Hospitality		Unallocated		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Additions to non-current assets (<i>note</i>)	3,129	1,244	1,104	6,563	-	-	-	-	4,233	7,807
Depreciation of property, plant and equipment	5,260	5,355	204	167	-	-	7	9	5,471	5,531
Depreciation of right-of-use assets	265	270	125	1,466	5,667	5,786	-	-	6,057	7,522
Loss on revaluation of ownership interest in leasehold land and buildings	-	52	-	-	-	-	-	-	-	52
Provision for slow-moving inventories	-	-	-	-	-	-	1,579	-	1,579	-
Write-off of inventories	-	-	43	289	-	-	-	-	43	289
Government grants	-	(207)	-	-	-	-	-	-	-	(207)
(Gain)/loss on disposal of property, plant and equipment	(7)	(218)	17	(243)	-	-	-	-	10	(461)

Note: Additions to non-current assets included property, plant and equipment, right-of-use assets and prepayments for the acquisition of property, plant and equipment.

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:

For the year ended 31 December

	Golf equipment		Golf bags		Hospitality		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	-	-	-	-	-	-	(2,300)	(1,524)	(2,300)	(1,524)
Finance costs	-	-	-	-	-	-	8,451	10,508	8,451	10,508
Income tax expenses	-	-	-	-	-	-	2,307	1,122	2,307	1,122

(e) **Information about major customers**

Revenue from customers of the corresponding years contributing over 10% (2023: 10%) of the total revenue of the Group is as follows:

		2024	2023
	Revenue generated from	HK\$'000	HK\$'000
Customer A	Golf equipment and Golf bags	216,714	95,983
Customer B	Golf equipment	N/A*	N/A*
Customer C	Golf equipment	N/A*	71,625

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. REVENUE AND OTHER OPERATING INCOME

Revenue represents revenue arising on sales of goods for the year. An analysis of the Group's revenue for the year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of golf equipment and related components and parts	240,569	194,369
Sales of golf bags, other accessories and related components and parts	<u>22,201</u>	<u>22,186</u>
	<u>262,770</u>	<u>216,555</u>

Disaggregation of revenue from contracts with customers by timing of recognition:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Timing of revenue recognition at a point in time	<u>262,770</u>	<u>216,555</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The Group's other operating income is presented as follows:		
– Interest income	2,300	1,524
– Rental income	364	–
– Tooling income	247	142
– Sample income	207	207
– Gain on disposal of property, plant and equipment	7	461
– Sundry income	425	693
– Exchange gain, net	–	1,443
– Government grants	<u>–</u>	<u>207</u>
	<u>3,550</u>	<u>4,677</u>

5. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expenses on:		
– amount due to a former director	1,238	3,110
– convertible bond	5,124	4,710
– bank borrowings	2,061	2,415
– lease liabilities	28	273
	<u>8,451</u>	<u>10,508</u>
Total finance costs	<u>8,451</u>	<u>10,508</u>

6. INCOME TAX EXPENSES

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax		
– Current year	494	36
– Over-provision in prior years	(7)	–
	<u>487</u>	<u>36</u>
PRC Enterprise Income Tax (“EIT”)		
– Current year	1,807	1,368
– Under/(Over)–provision in prior years	13	(282)
	<u>1,820</u>	<u>1,086</u>
	2,307	1,122
Deferred tax	<u>–</u>	<u>–</u>
	<u>2,307</u>	<u>1,122</u>

- (i) Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the years ended 31 December 2024 and 2023.
- (ii) Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.
- (iii) The corporate income tax in the CNMI is calculated at 30% of the estimated profits for the years ended 31 December 2024 and 2023. No provision for corporate income tax for the subsidiary incorporated in the CNMI as no income has been derived from the CNMI during the years ended 31 December 2024 and 2023.
- (iv) The Group is not subject to taxation in other jurisdictions.

7. LOSS FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
Loss for the year has been arrived at after charging/(crediting):		
Staff cost (including directors' and chief executives' emoluments):		
Salaries, allowances and other benefits in kind	68,729	57,507
Contributions to retirement benefit schemes	4,633	6,210
Termination benefit expense	—	4,607
Total staff cost	73,362	68,324
Auditor's remuneration		
- current year	1,300	1,290
- under-provision in prior year	—	2,000
Amount of inventories recognised as an expense (note (i))	194,176	168,802
Depreciation of property, plant and equipment	5,471	5,531
Depreciation of right-of-use assets	6,057	7,522
Provision for slow-moving inventories	1,579	—
Write-off of inventories	43	289
Exchange loss, net	937	—
Gain on early termination of lease contracts (note (ii))	—	(427)

Notes:

- (i) For the year ended 31 December 2023, the amount of inventories recognised as an expense is the management fee of HK\$1,227,000 (2024: nil).
- (ii) The amount of gain on early termination of lease contracts included in cost of sales during the year ended 31 December 2023.

8. 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:

	2024 HK\$'000	2023 HK\$'000
<u>Loss</u>		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	(2,364)	(18,537)
	2024 '000	2023 '000
<u>Number of shares</u>		
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 does not assume the conversion of the Company's outstanding convertible bond since its exercise would result in a decrease in loss per share.

9. DIVIDENDS

No dividends were paid, declared or proposed during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

10. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables, at amortised cost	30,731	13,502
Deposits and other receivables	2,971	2,657
Prepayments	2,768	1,497
Prepayments to suppliers	111	2,243
	<u>36,581</u>	<u>19,899</u>

The Group does not hold any collateral over these balances.

- (i) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally between 30 and 60 days (2023: 30 and 60 days). The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

As at 31 December 2024, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK\$30,731,000 (2023: HK\$13,502,000).

- (ii) The following is an ageing analysis of 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:

	2024 HK\$'000	2023 HK\$'000
0 to 30 days	24,876	11,881
31 to 90 days	5,586	1,621
91 to 180 days	269	—
	<u>30,731</u>	<u>13,502</u>

11. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	23,991	21,660
Contract liabilities	553	317
Accruals and other payables	26,440	18,696
	<u>50,984</u>	<u>40,673</u>

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

	2024 HK\$'000	2023 HK\$'000
0 to 90 days	20,453	18,350
91 to 180 days	1,723	1,671
181 to 365 days	103	217
Over 365 days	1,712	1,422
	<u>23,991</u>	<u>21,660</u>

The average credit period on purchases of goods is from 30 days to 90 days (2023: 30 days to 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

12. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 (2023: HK\$0.01) each		
Authorised		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>10,000,000</u>	
Issued and fully paid		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>5,201,250</u>	<u>52,013</u>

13. CAPITAL COMMITMENTS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of plant and equipment	<u>72</u>	<u>75</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

The golf industry regained momentum to rebound in 2024 following a year of adaptation by major golf name brands to rationalise the high inventory level compiled during the novel coronavirus (“COVID-19”) pandemic period. The business sector has reverted to its pre-pandemic modes of operations amidst the prolonged economic uncertainties. To cope with the volatile market, the Group pursued diverse marketing strategies to strengthen the customer relationship and collaborations, as well as explore new business outlets. Benefiting from the market rebound, the golf revenue of the Group increased remarkably during the year ended 31 December 2024 to enhance contribution. No revenue was generated by the hospitality segment during the year due to deferral of the development of the hospitality business till the external restricting factors in the Commonwealth of the Northern Mariana Islands (the “CNMI”) are resolved. The Group has focused on strengthening the rationalization measures to effectively streamline the operations and optimise the costs to the extent feasible. 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 year ended 31 December 2024 amounted to approximately HK\$262,770,000 (2023: HK\$216,555,000). Loss for the year attributable to owners of the Company was substantially reduced to approximately HK\$2,364,000 (2023: HK\$18,537,000). Basic and diluted loss per share were both approximately HK0.05 cent for the year ended 31 December 2024 (2023: HK0.36 cent).

GOLF EQUIPMENT BUSINESS

The golf equipment business has dominated as the main operating segment of the Group throughout the years. It generated approximately 91.6% of the Group’s revenue for the year ended 31 December 2024 (2023: 89.8%). Driven by the active marketing initiatives, the golf equipment sales surged by 23.8% to approximately HK\$240,569,000 in 2024 (2023: HK\$194,369,000).

During the year, sales of golf equipment to the largest segmental customer more than doubled and increased by 133.7% to approximately HK\$203,610,000 (2023: HK\$87,119,000), representing approximately 84.6% (2023: 44.8%) of the segment revenue or approximately 77.5% (2023: 40.2%) of the Group’s revenue for the year, respectively. Sales to other segmental customers for the year demonstrated fluctuation depending on customers’ post-pandemic business strategies. Revenue generated from the top five segmental customers soared by 24.5% to approximately HK\$237,916,000 (2023: HK\$191,039,000), representing approximately 98.9% (2023: 98.3%) of the segment revenue or approximately 90.5% (2023: 88.2%) of the Group’s revenue for the year, respectively. To uphold our competitive edge, the Group endeavored to pursue diverse marketing initiatives with value-added services to best accommodate customer needs and generate additional revenue.

To effectively control and regulate costs, the Group has been pursuing stringent rationalisation measures for the operations of the Shandong manufacturing facility to persistently enhance its production efficiency and output. The manufacturing process was carefully reviewed and improved including the use of advanced equipment to lower the re-work and wastage rates for reducing the manufacturing costs. The supply chain was strengthened through introducing alternative supply sources to offer more competitive pricing and reliable quality. In addition, the Group offered reasonable performance incentives to motivate the production workforce for being able to exceed the preset output targets. The Shandong manufacturing facility also carried out constant review to timely regulate the headcount of employees in reaction to major fluctuations in business volume. Supported by the proactive management, the performance of the golf equipment segment was properly monitored to give greater contribution notwithstanding the on-going economic uncertainties. It is the Group's policy to engage professional valuer to conduct an independent valuation of the property comprising the Shandong manufacturing facility at each year end date. It was concluded that no impairment loss of the property was recognised for the year (2023: HK\$52,000).

Attributable to the sales rebound, the golf equipment segment recorded a more than double increase in segment profit to approximately HK\$25,363,000 for the year ended 31 December 2024 (2023: HK\$11,288,000). Having regard to the order book status and the prevailing market conditions, it is expected that the golf equipment business will continue to operate in a dynamic market with great challenges and uncertainties, particularly with the implications of the new presidency of the United States. The Group has adopted a cautious view with prudence on the prospect of the golf equipment business for the ensuing year.

GOLF BAGS BUSINESS

The golf bags segment had undergone a reorganisation in the fourth quarter of 2024 to cease its manufacturing operations in Dongguan, the PRC and was then relocated to operate in a nearby smaller rented property. The golf bags operations were modified to assume a trading role on fulfilling customer orders, whereby the golf bags production was subcontracted to external factories. The golf bags segment has nevertheless maintained enough office and technical staff to operate affairs relating to customer orders, product development and samples. It is responsible for providing back-up services to subcontractors in connection with customer liaisons, production issues and delivery arrangements. The reorganisation of the golf bags segment was necessitated as some customers had diverted the golf bags procurement to supply sources outside China for political factors, which made the manufacturing operations in mass scale no longer viable from a cost benefit perspective.

The Group's revenue attributable to the golf bags segment, defined as comprising the sales of golf bags and accessories to external customers, slightly rose to approximately HK\$22,201,000 (2023: HK\$22,186,000), representing approximately 8.4% of the Group's revenue for the year (2023: 10.2%). However, the total sales of the golf bags segment, before elimination of the inter-segmental sales of nil balance (2023: HK\$16,251,000), decreased by 42.2% in 2024 to approximately HK\$22,201,000 (2023: HK\$38,437,000). There were no inter-segmental sales of golf bags during the year as the golf bags segment had ceased the manufacturing operations and no longer produced golf bags required for the golf clubs set of the golf equipment segment.

The revenue of the golf bags segment for the year comprised golf bags sales of approximately HK\$20,567,000 (2023: HK\$17,842,000) and accessories sales mainly sports bags of approximately HK\$1,634,000 (2023: HK\$4,344,000), representing approximately 92.6% (2023: 80.4%) and approximately 7.4% (2023: 19.6%) of the segment revenue, respectively. Sales to the largest segmental customer increased substantially by 47.8% during the year to approximately HK\$13,104,000 (2023: HK\$8,864,000), representing approximately 59.0% (2023: 40.0%) of the segment revenue or approximately 5.0% (2023: 4.1%) of the Group's revenue for the year. Sales to other segmental customers for the year demonstrated fluctuation under a volatile market. The aggregate sales to the top five segmental customers rose by 10.7% to approximately HK\$20,635,000 (2023: HK\$18,634,000), representing approximately 92.9% (2023: 84.0%) of the segment revenue or approximately 7.9% (2023: approximately 8.6%) of the Group's revenue for the year. The golf bags segment has applied effective measures to persistently rationalise the operations and optimise costs sensibly.

With the proactive management for the trading operations, the golf bags segment recorded a 13.1% rise in segment profit to approximately HK\$1,206,000 for the year ended 31 December 2024 (2023: HK\$1,066,000). Taking into account the order book status and the prolonged economic uncertainties, it is envisaged that the golf bags segment will be operating under dynamic market conditions with great challenges and competition. Our management has held a prudent and cautious view on the outlook of the golf bags business for the ensuing year.

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. The Group pursued a policy of engaging professional valuer to conduct an independent valuation of the right-of-use assets in the CNMI at each year end date. It was concluded that no impairment loss of the right-of-use assets (2023: nil) was recognised during the year.

During the year ended 31 December 2024, no revenue (2023: nil) was generated from the hospitality business.

PROSPECTS

The golf industry rebounded in 2024 following a year of adaptation by major golf name brands to rationalise the high inventory level compiled during the COVID-19 pandemic period. To uphold the competitive edge amidst the prolonged economic uncertainties, the Group pursued diverse marketing initiatives to strengthen the customer relationship and collaborations and explore new business outlets in a volatile market. The increasing trend of Northern American customers to divert and shift orders to supply sources outside China for political factors has undermined the competitiveness of the Chinese manufacturers and caused adverse effect on the golf business of the Group. To deal with the unfavorable market situation and preserve our competitive edge, the Group is considering and may plan to invest and set up manufacturing facility in other country as an alternative supply source for customers to mitigate the impact of the trend of shifting orders to suppliers out of China. Moreover, the Group has pursued to implement stringent measures to effectively rationalise the operations and optimise costs as a focus. To substantiate the long-term development of the golf business, the Group is committed to enhancing the customer profile through diverse marketing initiatives coupled with value-added services to best accommodate and fulfill customer needs. More importantly, the Group has possessed solid and healthy financial position with adequate funds to finance its operations and discharge the liabilities when due. Our management has adopted a cautious view with prudence on the prospect of the golf business for the foreseeable future.

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

Looking forward, the Group will continue to pursue a cautious business approach to effectively monitor the golf business and seize other development 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 year ended 31 December 2024 (2023: nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

The Group has fulfilled its working capital and other funding requirements principally through cash generated from operations, bank borrowings and advances from a former director who resigned on 1 January 2024 and remained as a director of certain subsidiaries. As at 31 December 2024, bank balances and cash, which were mostly denominated in United States dollars, Hong Kong dollars and Renminbi, amounted to approximately HK\$116,008,000 (2023: HK\$111,965,000). As at 31 December 2024, bank borrowings amounted to RMB53,000,000 which was equivalent to approximately HK\$56,383,000 (2023: RMB53,000,000 equivalent to approximately HK\$58,242,000), of which all were repayable within one year and carried interest rates ranging from approximately 3.20% to 3.55% (2023: 3.55% to 4.15%) per annum. Bank fixed borrowings were fixed-rate borrowings denominated in Renminbi both as at 31 December 2024 and 31 December 2023.

As at 31 December 2024, the gearing ratio, defined as bank borrowings, amount due to the former director and convertible bond less bank balances and cash of approximately HK\$3,726,000 (2023: HK\$4,504,000) divided by the total equity of approximately HK\$227,612,000 (2023: HK\$230,272,000), was further reduced to approximately 1.6% (2023: 2.0%).

As at 31 December 2024, the total assets and the net asset value of the Group amounted to approximately HK\$399,972,000 (2023: HK\$388,333,000) and approximately HK\$227,612,000 (2023: HK\$230,272,000), respectively. Current and quick ratios as at 31 December 2024 were approximately 1.58 (2023: 1.51) and approximately 1.41 (2023: 1.33), respectively. Both the current ratio and quick ratio were improved and remained healthy. The Group has pursued the strategy to explore feasible means to persistently rationalise and improve its financial position from time to time.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associated companies or joint ventures for the year ended 31 December 2024.

PLEDGE OF ASSETS

As at 31 December 2024, bank borrowings from a PRC bank of RMB53,000,000 which was equivalent to approximately HK\$56,383,000 (2023: RMB53,000,000 equivalent to approximately HK\$58,242,000) were secured by property, plant and equipment and the right-of-use assets of the Group with a carrying value of approximately HK\$63,698,000 (2023: HK\$73,648,000).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of operations to which they relate. The currency giving rise to this risk is primarily Renminbi. The Group is exposed to foreign currency risk due to the exchange rate fluctuation of Renminbi against Hong Kong dollars. The Group had not entered into any derivative contracts to hedge against the risk in the year of 2024. The Group will review and monitor its currency exposure from time to time and when appropriate hedge its currency risk.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 31 December 2024 up to the date of this results announcement.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had capital commitments, which are contracted but not provided in the consolidated financial statements in respect of plant and equipment, amounting to approximately HK\$72,000 (2023: HK\$75,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had approximately 680 employees (2023: 550 employees) located mainly in Hong Kong and the PRC. It is the Group's strategy to maintain a harmonious relationship with its employees through provision of competitive remuneration packages and career development opportunities. The employees are remunerated based on their duties, experience and performance as well as market practices. The remuneration packages are reviewed annually to assure fairness and appropriateness and discretionary bonuses may be awarded to employees based on individual performance.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management regarding auditing, internal control and financial reporting matters. The Audit Committee has also reviewed the Group's results for the year ended 31 December 2024. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 December 2024.

CORPORATE GOVERNANCE

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the applicable code provisions as set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Listing Rules during the year ended 31 December 2024, except for certain deviation as explained below. The Company has also put in place certain Recommended Best Practices as set out in Part 2 of the CG Code.

Code provision C.2.1 in Part 2 of the CG code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. During the year, each of Mr. Huang Bangyin (from 1 January 2024 to 15 September 2024) and Mr. Wong Hin Shek (since 16 September 2024) was the Chairman of the Board and was responsible for overseeing the general operations of the Group. The Company does not have an officer with the title “**Chief Executive Officer**”. The overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operations and execution is vested in the Board itself. The deviation is deemed appropriate and the Board believes that even vesting the roles of both chairman and chief executive officer in the same person could still provide the Company with strong and consistent leadership and allow 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the Company’s code of conduct for dealings in securities of the Company by the Directors. Specific enquiry has been made with all the Directors (other than Mr. Choi Sum Shing Samson, who was appointed as a Director on 19 March 2025) and they have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2024.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED ON THIS RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this results announcement have been agreed by the Company's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and, consequently, no assurance has been expressed by Grant Thornton Hong Kong Limited on this results announcement.

PUBLICATION OF THE 2024 ANNUAL REPORT

The Company's annual report for year 2024 will be made available and dispatched (where applicable) to the shareholders of the Company and published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.sinogolf.com in due course.

By order of the Board
Sino Golf Holdings Limited
Wong Hin Shek
Chairman

Hong Kong, 26 March 2025

As at the date of this announcement, the Board comprises (i) Mr. Wong Hin Shek as executive Director; (ii) Mr. Choi Sum Shing Samson as non-executive Director; and (iii) Mr. Sheng Baojun, Mr. Ho Kwong Yu and Ms. Lin Lin as independent non-executive Directors.