Sino Golf Holdings Limited
順龍控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 00361

Interim Report 2017

Contents

Sino Golf Holdings Limited
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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HUANG Youlong *(Chairman)*
Mr. ZHAO Zheng
Mr. CHU Chun Man, Augustine

Non-Executive Directors

Mr. LIU Tianmin
Mr. TUNG Sung-Yuan
Mr. WONG Hin Shek

Independent Non-Executive Directors

Mr. CHAN Kai Wing
Ms. CHU Yin Yin, Georgiana
Mr. YIP Tai Him

AUDIT COMMITTEE

Mr. CHAN Kai Wing *(Chairman)*
Ms. CHU Yin Yin, Georgiana
Mr. YIP Tai Him

REMUNERATION COMMITTEE

Mr. YIP Tai Him *(Chairman)*
Mr. CHAN Kai Wing
Ms. CHU Yin Yin, Georgiana
Mr. ZHAO Zheng

NOMINATION COMMITTEE

Mr. HUANG Youlong *(Chairman)*
Mr. CHAN Kai Wing
Ms. CHU Yin Yin, Georgiana
Mr. YIP Tai Him

COMPANY SECRETARY

Ms. CHOI Ka Ying

AUTHORISED REPRESENTATIVES

Mr. ZHAO Zheng
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
Standard Chartered Bank (Hong Kong) Limited

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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

STOCK CODE

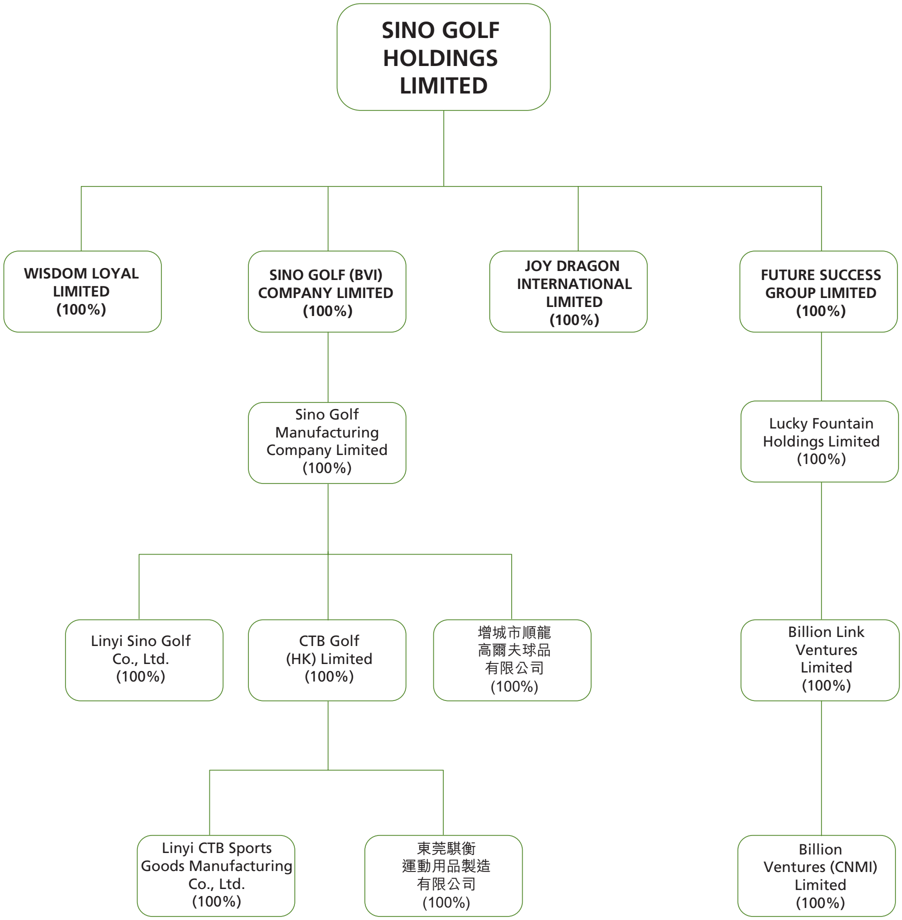
00361 (Main Board of The Stock Exchange of Hong Kong Limited)

WEBSITE

http://www.sinogolf.com

CORPORATE STRUCTURE

As at 30 June 2017



FINANCIAL HIGHLIGHTS

Results

	For the six months ended 30 June		
	2017	2016	*Changes*
	HK$'000	*HK$'000*	*Increase/*
	(Unaudited)	(Unaudited)	*(Decrease)*
Revenue	**96,116**	122,973	(21.8%)
from golf equipment segment	**83,408**	114,446	(27.1%)
from golf bags segment	**12,708**	8,527	49.0%
Gross profit	**9,292**	6,039	53.9%
Earnings before interest, tax, depreciation and amortisation	**(8,179)**	(42,330)	80.7%
Loss for the period attributable to owners of the Company	**(19,143)**	(54,290)	64.7%
	HK cent	*HK cents*	
Loss per share Basic and diluted	**(0.37)**	(2.32)	
Interim dividend per ordinary share	**–**	–	

INTERIM RESULTS

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 referred to as the "**Group**") for the six months ended 30 June 2017 which have been reviewed by the Company's audit committee, together with the comparative figures for the six months ended 30 June 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Revenue	4	**96,116**	122,973
Cost of sales		**(86,824)**	(116,934)
Gross profit		**9,292**	6,039
Other operating income	6	**228**	833
Write-off of inventories		**–**	(21,660)
Selling and distribution expenses		**(1,561)**	(1,255)
Administrative expenses		**(22,895)**	(31,795)
Finance costs	7	**(4,207)**	(6,452)
Loss before tax		**(19,143)**	(54,290)
Income tax	8	**–**	–
Loss for the period	9	**(19,143)**	(54,290)
Other comprehensive income (loss) for the period:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,586**	(2,271)
Item that will not be reclassified subsequently to profit or loss:			
Deferred tax relating to leasehold land and buildings under revaluation model		**2**	(61)
Other comprehensive income (loss) for the period		**1,588**	(2,332)
Total comprehensive loss for the period		**(17,555)**	(56,622)

	Note	Six months ended 30 June 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Loss for the period attributable to:			
Owners of the Company		**(19,143)**	(54,290)
Non-controlling interests		**–**	–
		(19,143)	(54,290)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(17,555)**	(56,622)
Non-controlling interests		**–**	–
		(17,555)	(56,622)
		HK cent	*HK cents*
Loss per share	*11*		
Basic and diluted		**(0.37)**	(2.32)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	30.6.2017 HK$'000 (Unaudited)	31.12.2016 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	112,630	111,956
Prepaid lease payments	13	218,792	220,009
Club debentures		2,897	2,897
Pledged bank deposit		609	596
Deposits and other receivables		604	583
Prepayments for the acquisition of property, plant and equipment		724	567
		336,256	336,608
Current assets			
Inventories		54,912	65,645
Trade and other receivables	14	122,125	169,494
Prepaid lease payments	13	6,790	8,776
Bank balances and cash		63,631	24,424
		247,458	268,339
Current liabilities			
Trade and other payables	15	25,143	33,989
Amounts due to related companies		1,316	53,373
Amounts due to directors		70,517	17,135
Bank and other borrowings	16	79,569	77,994
		176,545	182,491

	Notes	**30.6.2017** **HK$'000** **(Unaudited)**	31.12.2016 HK$'000 (Audited)
Net current assets		**70,913**	85,848
Total assets less current liabilities		**407,169**	422,456
Non-current liabilities			
Deferred tax liabilities		**401**	403
Convertible bond	*17*	**49,098**	46,828
		49,499	47,231
Net assets		**357,670**	375,225
Capital and reserves			
Share capital	*18*	**52,013**	52,013
Reserves		**302,927**	320,482
Equity attributable to owners of the Company		**354,940**	372,495
Non-controlling interests		**2,730**	2,730
Total equity		**357,670**	375,225

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Convertible bond equity reserve HK$'000	Contributed surplus HK$'000 (Note (i))	Legal reserve HK$'000 (Note (ii))	Assets revaluation reserve HK$'000	Statutory surplus reserve HK$'000 (Note (iii))	Exchange fluctuation reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2016 (audited)	46,805	105,276	–	10,564	48	366	17	5,806	3,744	172,626	2,730	175,356
Loss for the period	–	–	–	–	–	–	–	–	(54,290)	(54,290)	–	(54,290)
Other comprehensive loss for the period	–	–	–	–	–	(61)	–	(2,271)	–	(2,332)	–	(2,332)
Total comprehensive loss for the period	–	–	–	–	–	(61)	–	(2,271)	(54,290)	(56,622)	–	(56,622)
Capital reduction	(42,124)	–	–	42,124	–	–	–	–	–	–	–	–
Issue of bonus shares	18,722	–	–	(18,722)	–	–	–	–	–	–	–	–
At 30 June 2016 (unaudited)	23,403	105,276	–	33,966	48	305	17	3,535	(50,546)	116,004	2,730	118,734
At 1 January 2017 (audited)	52,013	399,369	27,167	33,966	–	545	17	(308)	(140,274)	372,495	2,730	375,225
Loss for the period	–	–	–	–	–	–	–	–	(19,143)	(19,143)	–	(19,143)
Other comprehensive (loss) income for the period	–	–	–	–	–	(7)	–	1,586	9	1,588	–	1,588
Total comprehensive (loss) income for the period	–	–	–	–	–	(7)	–	1,586	(19,134)	(17,555)	–	(17,555)
At 30 June 2017 (unaudited)	52,013	399,369	27,167	33,966	–	538	17	1,278	(159,408)	354,940	2,730	357,670

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 reduction of share capital of the Company in January 2016 from par value of HK$0.1 to HK$0.01 each, partially net off by the bonus issue as disclosed in note 18(i).

(ii) In accordance with the Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to appropriate 25% of its net profit to a legal reserve until the balance of the reserve reaches 50% of its respective Company's registered capital. The legal reserve is not distributable to shareholders.

(iii) 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net cash (used in) from operating activities	**(4,107)**	5,103
Cash flows from investing activities		
Purchase of property, plant and equipment	**(763)**	(990)
Prepayment for acquisition of property, plant and equipment	**(606)**	(823)
Proceeds from disposal of property, plant and equipment	**152**	1
Interest received	**8**	9
Refund from deposit paid for the construction of property, plant and equipment	**45,070**	–
Net cash from (used in) investing activities	**43,861**	(1,803)
Cash flows from financing activities		
Repayment of bank borrowings	**(49,200)**	(51,017)
New bank and other borrowings raised	**49,426**	54,088
Advances from directors	**1,438**	–
Repayment to related companies	**(113)**	(9,664)
Interest paid	**(2,317)**	(2,384)
Net cash used in financing activities	**(766)**	(8,977)
Net increase (decrease) in cash and cash equivalents	**38,988**	(5,677)
Cash and cash equivalents at 1 January	**24,424**	17,665
Effect of foreign exchange rate changes	**219**	(205)
Cash and cash equivalents at 30 June	**63,631**	11,783
Cash and cash equivalents, represented by bank balances and cash	**63,631**	11,783
	63,631	11,783

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2017

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 manufacturing and trading of golf equipment, golf bags and accessories and the development of integrated resort in Saipan.

The functional currency of the Company and its subsidiaries incorporated in Hong Kong is United States dollars ("**US$**") while the functional currency of the subsidiaries established in the PRC and Saipan are Renminbi ("**RMB**") and US$ respectively. 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 six months ended 30 June 2017 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 certain leasehold land and buildings, which are measured at revalued amounts.

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 2016.

In the current interim period, the Group has applied, for the first time, the following amendments ("new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**")") issued by the HKICPA that are relevant for the Group's financial year beginning 1 January 2017.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the new and revised HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior period and/or on the disclosures set out in these condensed consolidated financial information.

4. REVENUE

Revenue represents the net amounts received and receivable for goods sold by the Group to outside customers, net of discounts, returns and sales related taxes.

5. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three (2016: three) reportable and operating segments as follows:

Golf equipment – The manufacture and trading of golf equipment, and related components and parts.

Golf bags – The manufacture and trading of golf bags, other accessories, and related components and parts.

Hospitality – The development of integrated resort in Saipan.

(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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	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	83,408	114,446	12,708	8,527	-	-	-	-	96,116	122,973
Inter-segment sales	-	-	4,858	1,049	-	-	(4,858)	(1,049)	-	-
Other operating income	177	471	43	353	-	-	-	-	220	824
Total	83,585	114,917	17,609	9,929	-	-	(4,858)	(1,049)	96,336	123,797
Segment results	(9,175)	(40,954)	1,994	(1,642)	(3,258)	(795)	-	-	(10,439)	(43,391)
Interest income									8	9
Unallocated corporate expenses									(4,505)	(4,456)
Finance costs									(4,207)	(6,452)
Loss before tax									(19,143)	(54,290)

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 segments:

	Golf equipment		Golf bags		Hospitality		Consolidated	
	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
	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	198,957	210,175	9,340	10,225	307,564	355,891	515,861	576,291
Unallocated corporate assets								
– Club debentures							2,897	2,897
– Bank balances and cash							63,631	24,424
– Others							1,325	1,335
Total assets							583,714	604,947
Segment liabilities	17,494	25,676	7,030	5,858	–	–	24,524	31,534
Unallocated corporate liabilities								
– Amounts due to related companies							1,316	53,373
– Amounts due to directors							70,517	17,135
– Bank and other borrowings							79,569	77,994
– Convertible bond							49,098	46,828
– Deferred tax liabilities							401	403
– Others							619	2,455
Total liabilities							226,044	229,722

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

- all assets are allocated to reportable segments other than club debentures, bank balances and cash, certain other receivables and plant and equipment for central administrative purpose. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to reportable segments other than amounts due to related companies, amounts due to directors, bank and other borrowings, convertible bond, deferred tax liabilities and certain other payables. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

6. OTHER OPERATING INCOME

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income	**8**	9
Sale of scrap materials	**–**	8
Sample income	**31**	–
Tooling income	**24**	157
Gain on disposal of property, plant and equipment	**86**	299
Sundry income	**79**	360
	228	833

7. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on:		
– Bank and other borrowings	**2,317**	2,384
– Convertible bond	**2,271**	–
– Promissory note	**–**	4,555
Total borrowing costs	**4,588**	6,939
Less: amount capitalised *(note)*	**(381)**	(487)
	4,207	6,452

Note: Borrowing costs capitalised during the period arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.00% (six months ended 30 June 2016: 5.00%) per annum to expenditure on qualifying assets.

8. INCOME TAX

a) No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2017 and 2016 as there are no assessable profits generated.

b) 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.

No provision for PRC Enterprise Income Tax ("**PRC EIT**") for PRC subsidiaries has been made as they did not have any assessable profits subject to PRC EIT or the assessable profit is wholly absorbed by tax losses brought forward.

c) Under Decree-Law no.58/99/M, Sino Golf Commercial Offshore De Macau Limitada ("**Sino Golf Macau**"), a Macau subsidiary incorporated under that Law, is exempted from Macau Complementary tax as it satisfies the relevant conditions as specified in the Law. Sino Golf Macau was voluntarily deregistered on 10 November 2016.

d) The corporate income tax in Saipan is calculated at 35% of the estimated profit. No provision for corporate income tax for the subsidiary incorporated in Saipan as no income has been derived from Saipan during the six months ended 30 June 2017 and 2016.

e) The Group is not subject to taxation in other jurisdiction.

9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of prepaid lease payments	**3,395**	945
Cost of inventories sold	**86,824**	116,934
Depreciation of property, plant and equipment	**3,362**	4,563
Exchange loss, net	**142**	570
Operating leases rentals in respect of land and building	**1,574**	2,109

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 2016: 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	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share	**(19,143)**	(54,290)

	Six months ended 30 June	
	2017	2016
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**5,201,250**	2,340,250

The computation of diluted loss per share for the period does not assume the conversion of the Company's outstanding convertible bond since its exercise would result in a decrease in loss per share for the six months ended 30 June 2017.

For the six months ended 30 June 2016, diluted loss per share equals basic loss per share as there was no dilutive potential share.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group incurred approximately HK$1,212,000 (six months ended 30 June 2016: approximately HK$1,903,000) on acquisition of property, plant and equipment net of capitalised interest expenses of approximately HK$381,000 (six months ended 30 June 2016: approximately HK$487,000).

Assets with a net carrying value of approximately HK$66,000 were disposed of by the Group during the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK$188,000), resulting in a net gain on disposal of approximately HK$86,000 (six months ended 2016: approximately HK$299,000).

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. PREPAID LEASE PAYMENTS

	30.6.2017 ***HK$'000*** **(Unaudited)**	31.12.2016 *HK$'000* (Audited)
Carrying amount at 1 January	**228,785**	9,368
Addition	**–**	224,604
Amortisation during the period/year	**(3,395)**	(4,567)
Exchange realignment	**192**	(620)
	225,582	228,785
Less: current portion	**(6,790)**	(8,776)
Non-current portion	**218,792**	220,009

As at 30 June 2017, the Group's prepaid lease payments with carrying value of approximately HK$8,505,000 (31 December 2016: approximately HK$8,450,000) was pledged as security for the banking facilities granted to the Group.

14. TRADE AND OTHER RECEIVABLES

	30.6.2017 *HK$'000* (Unaudited)	31.12.2016 *HK$'000* (Audited)
Trade receivables	**18,177**	20,612
Deposit paid for the construction of property, plant and equipment	**90,486**	135,556
Other receivables	**7,428**	8,459
Prepayments	**1,213**	1,069
Prepayments to suppliers	**4,821**	3,798
	103,948	148,882
	122,125	169,494

(a) 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. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

(b) The following is an ageing analysis of the trade receivables (net of impairment loss) of the Group presented based on the invoice dates, which approximates the respective revenue recognition date, at the end of the reporting period:

	30.6.2017 *HK$'000* (Unaudited)	31.12.2016 *HK$'000* (Audited)
0 to 30 days	**11,730**	15,094
31 to 90 days	**6,384**	5,455
Over 90 days	**63**	63
	18,177	20,612

15. TRADE AND OTHER PAYABLES

	30.6.2017 *HK$'000* (Unaudited)	31.12.2016 *HK$'000* (Audited)
Trade and bills payables	23,033	29,272
Customers' deposits received	1,060	521
Accruals and other payables	1,050	4,196
	25,143	33,989

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

	30.6.2017 *HK$'000* (Unaudited)	31.12.2016 *HK$'000* (Audited)
0 to 90 days	17,438	22,988
91 to 180 days	4,831	5,308
181 to 365 days	186	424
Over 365 days	578	552
	23,033	29,272

16. BANK AND OTHER BORROWINGS

	30.6.2017 *HK$'000* (Unaudited)	31.12.2016 *HK$'000* (Audited)
Term loans	70,069	68,494
Other borrowings	9,500	9,500
	79,569	77,994
Secured	70,069	68,494
Unsecured	9,500	9,500
Carrying amount repayable within one year	79,569	77,994

16. BANK AND OTHER BORROWINGS – CONTINUED

During the six months ended 30 June 2017, the Group renewed new bank and other borrowings of approximately HK$49,426,000 (year ended 31 December 2016: approximately HK$68,494,000) and nil (year ended 31 December 2016: approximately HK$4,500,000) to finance its working capital.

At 30 June 2017, bank borrowings of approximately HK$70,069,000 are fixed-rate borrowings (31 December 2016: approximately HK$68,494,000). The fixed-rate borrowings carry interest ranging from 5.00% to 5.45% per annum (at 31 December 2016: 5.00% to 5.45% per annum).

At 30 June 2017, other borrowing of HK$9,500,000 (31 December 2016: HK$9,500,000) is a fixed-rate borrowing from a licenced money lending company, an independent third party, which carries interest of 12% per annum. The loan is unsecured and repayable within one year.

17. CONVERTIBLE BOND

On 7 November 2016, the Company issued an interest-free convertible bond (the "**CB**") with principal amount of HK$74,100,000 to an independent third party with maturity date on 6 November 2021 (the "**Maturity Date**"). The CB is 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 repayment option is granted either to the Company or the holder of CB. The CB will only be redeemed by the Company at the Maturity Date.

The CB contains two components, liability and equity elements. The equity element is presented in equity heading convertible bond equity reserve. The effective interest rate of the liability component is 9.7% per annum.

17. CONVERTIBLE BOND – CONTINUED

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 *HK$'000*	Equity component of the CB *HK$'000*	Total *HK$'000*
At 1 January 2016	–	–	–
Issued during the year	46,643	27,457	74,100
Transaction costs	(494)	(290)	(784)
Effective interest charge for the year	679	–	679
At 31 December 2016 and 1 January 2017	46,828	27,167	73,995
Effective interest charge for the period	2,270	–	2,270
At 30 June 2017	49,098	27,167	76,265

No CB was converted into ordinary shares of the Company during the six months ended 30 June 2017. No redemption, purchase or cancellation by the Company has been made in respect of the CB during the six months ended 30 June 2017. As at 30 June 2017, the principal amount of the CB that remained outstanding amounted to HK$74,100,000 of which a maximum of 650,000,000 shares may fall to be issued upon their conversions, subject to anti-dilution adjustments provided in the terms of the CB. For details of the terms of the CB, please refer to the circular of the Company dated 30 September 2016.

18. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.01 (2016: HK$0.01) each		
Authorised		
As at 1 January 2016	1,000,000	100,000
Sub-division *(note (i))*	9,000,000	–
As at 31 December 2016, 1 January 2017 and 30 June 2017	10,000,000	100,000
Issued and fully paid		
As at 1 January 2016	468,050	46,805
Capital reduction *(note (i))*	–	(42,124)
Issue of bonus shares *(note (i))*	1,872,200	18,722
Issue of shares upon share subscription *(note (ii))*	2,861,000	28,610
As at 31 December 2016, 1 January 2017 and 30 June 2017	5,201,250	52,013

(i) On 30 November 2015, the Company announced (i) the proposed capital reduction to reduce the nominal value of each issued share of the Company from HK$0.10 to HK$0.01 by cancelling the paid-up capital to the extent of HK$0.09 on each of its issued shares (the "**Capital Reduction**"); and (ii) to sub-divide the authorised shares of HK$0.10 each into ten new shares of HK$0.01 each (the "**Sub-Division**").

The Capital Reduction and Sub-Division became effective on 6 January 2016 and the credit arising from the Capital Reduction amounted to approximately HK42,124,000, of which a sum of HK$18,722,000 were applied for the bonus issue (the "**Bonus Issue**"), by way of issuing new shares on the basis of four bonus shares for every one share held by qualified shareholders, while the remaining credit of approximately HK$23,402,000 has been transferred to contributed surplus.

Pursuant to an ordinary resolution passed at the special general meeting of the Company held on 6 January 2016, a total of 1,872,200,000 ordinary shares of HK$0.01 each were issued on 22 January 2016 which rank pari passu with the existing shares in all aspects.

(ii) On 7 November 2016, 2,861,000,000 ordinary shares of HK$0.01 each were issued and allotted at a price of HK$0.114 per share, raising a total proceeds of HK$322,703,000, net of direct expense of HK$3,451,000. The shares rank pari passu with the existing shares in all aspects.

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 or lapsed during the six months ended 30 June 2017 (six months ended 2016: nil).

At 30 June 2017 and at 31 December 2016, no share option remained outstanding and no share option was held by the employees and the Directors.

20. OPERATING LEASE COMMITMENT

The Group as lessee

The Group leases certain of its office properties, production plants and staff quarters under operating lease arrangements. Leases are negotiated for a term ranging from one to six years (year ended 31 December 2016: one to six years). The Group does not have an option to purchase the leased asset at the expiry of the lease period.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which are payable as follows:

	30.6.2017 ***HK$'000*** **(Unaudited)**	31.12.2016 *HK$'000* (Audited)
Within one year	**2,050**	2,242
In the second to fifth years, inclusive	**313**	767
	2,363	3,009

21. CAPITAL COMMITMENTS

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

	30.6.2017	31.12.2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial information in respect of:		
Leasehold land and buildings	**–**	–
Plant and machinery	**282**	664
	282	664

22. LITIGATIONS

At 30 June 2017, an indirect wholly-owned subsidiary of the Company had been named as defendant in a Hong Kong High Court action as a writ of summon was issued against it in April 2011 claiming for an amount of approximately HK$1,546,000 together with interest thereon and costs. The subsidiary had filed a full defense to this writ. In the opinion of the Directors, no provision for any potential liability has been made in the condensed consolidated financial information as the Group has pleaded reasonable chance of success in the defense.

Another indirect wholly-owned subsidiary of the Company had been named as defendant as a summon from a local PRC court was served against the subsidiary in April 2015 pursuant to which a PRC company as plaintiff claimed against the subsidiary for a sum of approximately RMB1,366,000, equivalent to approximately HK$1,570,000 with damages of approximately RMB55,000, equivalent to approximately HK$63,000, together with interest thereon and costs. On 25 November 2016, the PRC court gave judgment and ordered that (i) the plaintiff should be responsible for repairing, replacement and/or rework within 30 days of the court order so as to rectify to make those machinery and equipment sold to the defendant to be in compliance with the terms and standards set out in the sales and purchase contract; and (ii) upon fulfillment of the court order by the plaintiff, the defendant shall pay within 10 days a sum of approximately RMB1,036,000 to the plaintiff as full and final settlement of its claim for the balance of purchase consideration. As at 31 December 2016 and 30 June 2017, the plaintiff had not fulfilled the court order to complete the repairing, replacement and/or rework in compliance with the terms of the contract. Subsequent to the reporting period, the PRC court further adjudicated on 16 August 2017 that, as the plaintiff has not fulfilled its obligations within the time stipulated in the 2016 court judgement, the enforcement of the court judgement shall be terminated with no further effect. The Directors considered that no provision for any potential liability needed to be made in the condensed consolidated financial information of the Group in view of the court's adjudication.

23. FAIR VALUE DISCLOSURE

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost as at 30 June 2017 and 31 December 2016 approximate to their fair values due to their short-term maturities and the discounting impact is not significant.

24. 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:

		Six months ended 30 June	
		2017	2016
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Rental expenses	*(i)*	**–**	420
Rental expenses	*(ii)*	**480**	–
Company secretarial compliance services fee	*(iii)*	**185**	367
Professional fee	*(iv)*	**219**	375

Notes:

(i) The rental expenses paid to a related company, which a director of the Company has beneficial interest in, were determined at rates agreed between the Group and the related company.

(ii) The rental expenses paid to a related company, which a director of the Company has beneficial interest in, were determined at rates agreed between the Group and the related company.

(iii) The company secretarial compliance services fee paid to a related company, which a director of the Company has beneficial interest in, were determined at rates agreed between the Group and the related company.

(iv) The professional fee paid to a related company, which a director of the Company has beneficial interest in, were determined at rates agreed between the Group and the related company.

24. RELATED PARTY TRANSACTIONS – CONTINUED

(b) Key management compensation

The remuneration of Directors of the Company and other members of key management during both periods was as follows:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term benefits	**3,160**	3,414
Post-employment benefits	**47**	29
	3,207	3,443

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

25. MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2017, an amount due to a related company of approximately HK$51,944,000 was assigned and transferred to the amount due to a director (six months ended 30 June 2016: nil).

26. EVENT AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 30 June 2017 and up to the date of this interim report.

27. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

This unaudited condensed consolidated financial information were approved and authorised for issue by the Board on 30 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

For the first half of 2017, the golf market remained depressed with a diverse trend amongst the golf equipment and golf bags segments of the Group. Adversely affected by the loss of business with certain key segmental customers, the revenue of the golf equipment segment dropped further in the current period whereas the golf bags segment managed to achieve a rebound in revenue, contributing segmental profit for the current period. On the other hand, the resort development project was still in progress and there was yet no revenue generated by the hospitality segment for the current period. Benefiting from the streamlined operations and the cost control measures adopted by the Group, our performance had stabilized during the current period with improved gross profit margins and decreased operating expenses. As a result, the loss of the Group incurred for the current period was significantly reduced by nearly two-third compared to the loss sustained by the Group in the comparative preceding period.

The Group's revenue for the six months ended 30 June 2017 decreased by approximately 21.8% to approximately HK$96,116,000 (2016: approximately HK$122,973,000). Loss for the period attributable to owners of the Company was lowered to approximately HK$19,143,000 compared to a loss of approximately HK$54,290,000 for the comparative period in 2016. Basic and diluted loss per share were both approximately 0.37 HK cent for the current period (2016: basic and diluted loss per share were both approximately 2.32 HK cents).

GOLF EQUIPMENT BUSINESS

The golf equipment segment continued as the main operating segment and accounted for approximately 86.8% of the Group's revenue for the current period (2016: approximately 93.1%). Impacted by the loss of business with certain key segmental customers and a substantial decline in sales to the largest segmental customer of the preceding year, the golf equipment sales for the current period decreased by approximately 27.1% to approximately HK$83,408,000 from approximately HK$114,446,000 for the comparative period in 2016.

During the current period, sales to the largest segmental customer amounted to approximately HK$37,415,000 (2016: approximately HK$55,622,000 to a segmental customer which ranked the second largest in the current period), representing approximately 44.9% (2016: approximately 48.6%) of the segment revenue or approximately 38.9% (2016: approximately 45.2%) of the Group's revenue for the current period, respectively. Revenue generated from the top five segmental customers decreased by approximately 27.4% to approximately HK$79,949,000 (2016: approximately HK$110,069,000), representing approximately 95.9% (2016: approximately 96.2%) of the segment revenue or approximately 83.2% (2016: approximately 89.5%) of the Group's revenue for the current period, respectively. Notwithstanding a volatile market with intense competition, the Group is determined to continually develop the golf equipment business through strengthening the cooperation with existing customers as well as exploring business opportunities with other credible and potential customers in golf market.

To further enhance the efficiency and cost effectiveness of the manufacturing operations, the Group had successfully transformed the production function of the Guangdong manufacturing facility into a subcontracting arrangement with independent subcontractors. This facilitated the rationalization of production cost and better quality control through the experienced subcontracting team with expert skills in golf equipment manufacturing. In view of the depressed golf market, the workforce of the Shandong manufacturing facility had been reduced to an optimal size of about 650 employees in commensurate with the curtailed order volume. The streamlined operations as augmented by our cost control programs has helped mitigate the impact of cost hikes prevailing in the PRC which threatens most manufacturers by eroding profit margins. The Shandong manufacturing facility has been functioning effectively to take advantage of the lower operating cost environment in the northern part of the PRC.

Impacted by the depressed sales, the golf equipment segment recorded a segment loss of approximately HK$9,175,000 for the six months ended 30 June 2017 (2016: approximately HK$40,954,000), representing a 77.6% reduction of the segment loss incurred for the comparative preceding period. Taking into account the prevailing market conditions and the sales orders status, it is anticipated that the golf equipment business will remain relatively stable in the second half of 2017 amidst various challenges we encountered in a volatile and highly competitive market. To substantiate the long-term development, the Group is devoted to strengthening the customer relationship with diverse marketing initiatives for exploring new business opportunities. The management has maintained a positive view with prudence on the prospect of the golf equipment business going forward.

GOLF BAGS BUSINESS

Notwithstanding a plummet in the golf equipment sales, the golf bags segment had managed to record a sales rebound for the six months ended 30 June 2017 as one of the key golf equipment customers had placed separate golf bags orders to the Group which led to a surge in the overall golf bags 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 49.0% to approximately HK$12,708,000 (2016: approximately HK$8,527,000), representing approximately 13.2% of the Group's revenue for the current period (2016: approximately 6.9%). Total sales of the golf bags segment, before elimination of the inter-segmental sales of approximately HK$4,858,000 (2016: approximately HK$1,049,000), surged a greater extent of approximately 83.4% to approximately HK$17,566,000 during the current period (2016: approximately HK$9,576,000). The inter-segmental sales represented the golf bags produced as components for fulfilling the orders of golf club sets placed by customers with the golf equipment segment. The sales of the golf club sets had been classified as the revenue of the golf equipment segment in accordance with the Group's accounting practice.

The segment revenue for the current period comprised golf bags sales of approximately HK$10,509,000 (2016: approximately HK$3,202,000) and accessories sales mainly boston bags of approximately HK$2,199,000 (2016: approximately HK$5,325,000), representing approximately 82.7% (2016: approximately 37.6%) and approximately 17.3% (2016: approximately 62.4%) of the segment revenue, respectively. During the current period, sales to the largest segmental customer amounted to approximately HK$5,598,000 (2016: approximately HK$3,360,000 to a segmental customer which ranked beyond the top five segmental customers in the current period), representing approximately 44.1% (2016: approximately 39.4%) of the segment revenue or approximately 5.8% (2016: approximately 2.7%) of the Group's revenue for the current period. The aggregate revenue generated from the top five segmental customers surged approximately 46.3% to approximately HK$10,102,000 (2016: approximately HK$6,905,000), representing approximately 79.5% (2016: approximately 81.0%) of the segment revenue or approximately 10.5% (2016: approximately 5.6%) of the Group's revenue for the current period. To facilitate the segment performance, the Group continued to pursue effective cost control measures to further rationalize costs and expenditures to the extent achievable.

Benefiting from the sales rebound, the golf bags segment had rebutted the loss situation and recorded a segmental profit of approximately HK$1,994,000 for the six months ended 30 June 2017 (2016: segment loss of approximately HK$1,642,000). To strengthen our competitive edge, the Group will continue to streamline the golf bags operations to enhance efficiency and launch active marketing initiatives to promote sales for the future. Taking into consideration the sales orders status and the prevailing market conditions, the management has adopted a positive view with caution on the outlook of the golf bags business for the ensuing period.

HOSPITALITY BUSINESS

The Board has been exploring appropriate diversification business opportunities and/or investment 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 Saipan, 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 Saipan with a total site area of approximately 79,529 square metres (the "**Properties**").The acquisition of the Lucky Fountain Group provides the Group with opportunities to dip into the hospitality segment of Saipan and savor in the development of the tourism and golf related industries in Saipan.

During the current period ended, no revenue (2016: Nil) was generated from the hospitality business. Rezoning of lands in Saipan has been progressing smoothly and completed subsequent to the current period ended.

PROSPECTS

The golf market stayed depressed in the current period and caused a further drop to the Group's revenue. During the current period, the golf equipment sales fell by approximately 27.1% which was partially compensated by the rebound in golf bags sales of approximately 49.0%. With the streamlined operations and the cost control effect, the Group had substantially reduced the loss incurred for the current period by nearly two-third of the loss sustained by the Group in the comparative preceding period. The Company nevertheless holds the view that the Group's financial position remains solid with adequate funds available to finance its operations. Taking into account the existing market conditions and the sales orders status, the management maintains a prudent view with caution that the golf equipment and the golf bags business will continue to operate reasonably under great challenges amidst intense competition in a volatile market for the coming future.

On the other hand, the acquisition of the Lucky Fountain Group in the prior year provides the Group with the opportunity to diversify its business and the potential to enhance its revenue sources. Rezoning of lands in Saipan has been progressing smoothly and completed subsequently. It is believed by the Board that the acquisition provides a unique opportunity to the Group to be positioned in the Saipan resort industry.

Looking ahead, the Group will continue to be cautious in its business approach, closely monitor the golf equipment and golf bags businesses and seize other growth opportunities to enhance competitiveness to strive for the best return to the shareholders.

DIVIDEND

The Board resolved not to recommend the payment of any dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 30 June 2017, bank balances and cash, which were mostly denominated in US$, HK$ and RMB, amounted to approximately HK$63,631,000 (31 December 2016: approximately HK$24,424,000). As at 30 June 2017, interest-bearing borrowings of the Group comprising bank borrowings aggregated to approximately RMB60,960,000 which was equivalent to approximately HK$70,069,000 (31 December 2016: approximately RMB60,960,000 which was equivalent to approximately HK$68,494,000), of which all were repayable within one year. For expansion of business activities, the Group drew down loans from a third party amounting to HK$9,500,000 (31 December 2016: HK$9,500,000) with interest bearing of 12% per annum (31 December 2016: 12.0% per annum) and repayable within one year. Amounts due to related companies of approximately HK$1,316,000 as at 30 June 2017 (31 December 2016: HK$53,373,000) and amounts due to directors of approximately HK$70,517,000 as at 30 June 2017 (31 December 2016: HK$17,135,000) were both unsecured, non-interest bearing and repayable on demand.

As at 30 June 2017, the gearing ratio, defined as the total debts less bank balances and cash and pledged bank deposit amounted to approximately HK$136,260,000 (31 December 2016: HK$170,310,000) divided by the total equity of approximately HK$357,670,000 (31 December 2016: HK$375,225,000) was lowered to approximately 38.1% (31 December 2016: approximately 45.4%). The total debts comprised the aggregate of amounts due to related companies, amounts due to directors, bank and other borrowings, and convertible bond. The total equity represented the total of the equity attributable to owners of the Company and the non-controlling interests.

As at 30 June 2017, the total assets and the net asset value of the Group amounted to approximately HK$583,714,000 (31 December 2016: approximately HK$604,947,000) and approximately HK$357,670,000 (31 December 2016: approximately HK$375,225,000), respectively. Current and quick ratios as at 30 June 2017 were approximately 1.40 (31 December 2016: approximately 1.47) and approximately 1.05 (31 December 2016: approximately 1.06), respectively. The Group is devoted to continually exploring possible means to further rationalize its financial position from time to time.

PLEDGE OF ASSETS

As at 30 June 2017, bank borrowings from certain PRC banks of RMB60,960,000 which was equivalent to approximately HK$70,069,000 (31 December 2016: RMB60,960,000 which was equivalent to approximately HK$68,494,000) were secured by property, plant and equipment and the prepaid lease payments of the Group with a carrying value of approximately HK$99,879,000 (31 December 2016: approximately HK$100,371,000). As at 30 June 2017, the Group had pledged bank deposit of RMB530,000 (equivalent to approximately HK$609,000) for a bank guarantee of RMB500,000 issued to the landlord of the Group's golf bags manufacturing facility (31 December 2016: RMB530,000, equivalent to approximately HK$596,000).

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 2017. The Group will review and monitor its currency exposure from time to time and when appropriate hedge its currency risk.

CONTINGENT LIABILITIES

At 30 June 2017, an indirect wholly-owned subsidiary of the Company had been named as defendant in a Hong Kong High Court action as a writ of summon was issued against it in April 2011 claiming for an amount of approximately HK$1,546,000 together with interest thereon and costs. The subsidiary had filed a full defense to this writ. In the opinion of the Directors, no provision for any potential liability has been made in the condensed consolidated financial information as the Group has pleaded reasonable chance of success in the defense.

Another indirect wholly-owned subsidiary of the Company had been named as defendant as a summon from a local PRC court was served against the subsidiary in April 2015 pursuant to which a PRC company as plaintiff claimed against the subsidiary for a sum of approximately RMB1,366,000, equivalent to approximately HK$1,570,000 with damages of approximately RMB55,000, equivalent to approximately HK$63,000, together with interest thereon and costs. On 25 November 2016, the PRC court gave judgment and ordered that (i) the plaintiff should be responsible for repairing, replacement and/or rework within 30 days of the court order so as to rectify to make those machinery and equipment sold to the defendant to be in compliance with the terms and standards set out in the sales and purchase contract; and (ii) upon fulfillment of the court order by the plaintiff, the defendant shall pay within 10 days a sum of approximately RMB1,036,000 to the plaintiff as full and final settlement of its claim for the balance of purchase consideration. As at 31 December 2016 and 30 June 2017, the plaintiff had not fulfilled the court order to complete the repairing, replacement and/or rework in compliance with the terms of the contract. Subsequent to the reporting period, the PRC court further adjudicated on 16 August 2017 that, as the plaintiff has not fulfilled its obligations within the time stipulated in the 2016 court judgment, the enforcement of the court judgment shall be terminated with no further effect. The Directors considered that no provision for any potential liability needed to be made in the condensed consolidated financial information of the Group in view of the court's adjudication.

Other than as disclosed, the Group had no significant contingent liabilities as at 30 June 2017.

EVENT AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 30 June 2017 up to the date of this interim report.

CAPITAL COMMITMENTS

As at 30 June 2017, the Group had capital commitments, which are contracted but not provided for in the condensed consolidated financial information, in respect of purchase of leasehold land and building and plant and machinery amounting to approximately HK$282,000 (31 December 2016: approximately HK$664,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had approximately 900 (31 December 2016: approximately 910) employees located mainly in Hong Kong and the PRC. It is the Group's strategy to maintain a harmonious relationship with its employees through provision of competitive remuneration packages and career development opportunities. The employees are remunerated based on their duties, experience and performance as well as market practices. The remuneration packages are reviewed annually to assure fairness and appropriateness and discretionary bonuses may be awarded to employees based on individual performance.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2017, the interests and short positions of the Directors and chief executives of the Company in the share, 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 of the Listing Rules, were set out as follows:

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

	Number of shares held and interests in underlying shares, capacity and nature of interest				
Name of Director	Directly beneficially owned	Through spouse	Through controlled corporations	Total	Percentage of the Company's issued share capital
Mr. HUANG Youlong	–	–	3,511,000,000*	3,511,000,000	67.50%
Mr. CHU Chun Man, Augustine	46,460,520	750,000	–	47,210,520	0.91%

* This represents the 2,861,000,000 Shares and the convertible bonds (convertible into 650,000,000 Shares) held by Wealth Sailor Limited. Wealth Sailor Limited is an investment holding company incorporated in the British Virgin Islands. 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.

(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 2017, 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' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2017, 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%
Plenty Choice Investments Limited	*(b)*	Security interest	3,511,000,000	67.50%
Wealth Sailor Limited	*(c)*	Beneficial owner	3,511,000,000	67.50%
Prominent Victory Limited	*(d)*	Beneficial interest held by controlled corporation	3,511,000,000	67.50%
Ms. Zhao Wei	*(e)*	Interest of spouse	3,511,000,000	67.50%
Surplus Excel Limited	*(f)*	Beneficial owner	984,754,355	18.93%
Mr. Jiang Jianhui	*(g)*	Beneficial interest held by controlled corporation	984,754,355	18.93%

Notes:

(a) Plenty Choice Investments 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 Plenty Choice Investments 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 Plenty Choice Investments Limited has security interest by virtue of the SFO.

(b) As at 30 June 2017, 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 bonds held by it convertible into 650,000,000 Shares in favour of Plenty Choice Investments Limited to secure the payment obligations under the secured notes issued by Prominent Victory Limited to Plenty Choice Investments Limited.

(c) Wealth Sailor Limited is a company incorporated in the British Virgin Islands 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) 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.

(f) Surplus Excel Limited is a company incorporated in the British Virgin Islands with limited liability.

(g) 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 2017, 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**") for 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 an 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 2017, 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 2017.

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 2017.

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 2017, 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 Company did not have any officer with the title of chief executive officer. The deviation is deemed appropriate as the Board believes that vesting the roles of both chairman and chief executive officer in the same duty. The chairman provides 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 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.

(c) Code provision A.6.7 of the CG Code requires that independent non-executive directors should attend the general meetings. Mr. Liu Tianmin, a non-executive Director, was unable to attend the Company's annual general meeting held on 16 June 2017 due to a business trip at the relevant time. Nevertheless, the Board believes that the presence of other non-executive Directors at such general meeting still allowed the Board to develop a balanced understanding of the views of shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of 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 2017.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors of Mr. Chan Kai Wing (chairman), Ms. Chu Yin Yin, Georgiana and Mr. Yip Tai Him during the six months ended 30 June 2017 (during the six months ended 30 June 2016: three independent non-executive Directors) with written terms of reference. The audit committee has reviewed with management the accounting polices 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 2017.

REMUNERATION COMMITTEE

The remuneration committee of the Company comprises three independent non-executive Directors of Mr. Yip Tai Him (chairman), Mr. Chan Kai Wing and Ms. Chu Yin Yin, Georgiana, and one executive Director of Mr. Zhao Zheng during the six months ended 30 June 2017 (during the six months ended 30 June 2016: 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 Youlong (chairman) and three independent non-executive Directors of Mr. Chan Kai Wing, Ms. Chu Yin Yin, Georgiana and Mr. Yip Tai Him during the six months ended 30 June 2017 (during the six months ended 30 June 2016: 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 Youlong
Chairman

Hong Kong, 30 August 2017

As at the date of this interim report, the Board comprises (i) Mr. Huang Youlong, Mr. Zhao Zheng and Mr. Chu Chun Man, Augustine as executive Directors; (ii) Mr. Liu Tianmin, Mr. Tung Sung-Yuan and Mr. Wong Hin Shek as non-executive Directors; and (iii) Ms. Chu Yin Yin, Georgiana, Mr. Yip Tai Him, and Mr. Chan Kai Wing as independent non-executive Directors.