



Sino Golf Holdings Limited
順龍控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 00361



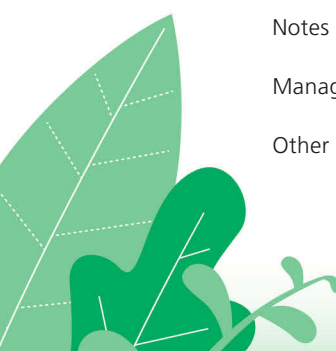
2020

INTERIM REPORT



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Sino Golf Holdings Limited
INTERIM REPORT 2020

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HUANG Bangyin (*Chairman*)
Mr. CHU Chun Man, Augustine

Non-Executive Director

Mr. WONG Hin Shek

Independent Non-Executive Directors

Mr. SHENG Baojun
Mr. HO Kwong Yu
Ms. LIN Lin

AUDIT COMMITTEE

Mr. HO Kwong Yu (*Chairman*)
Mr. SHENG Baojun
Ms. LIN Lin

REMUNERATION COMMITTEE

Mr. SHENG Baojun (*Chairman*)
Mr. HO Kwong Yu
Ms. LIN Lin

NOMINATION COMMITTEE

Mr. HUANG Bangyin (*Chairman*)
Mr. SHENG Baojun
Mr. HO Kwong Yu
Ms. LIN Lin

COMPANY SECRETARY

Ms. CHOI Ka Ying

AUTHORISED REPRESENTATIVES

Mr. CHU Chun Man, Augustine
Ms. CHOI Ka Ying

AUDITOR

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

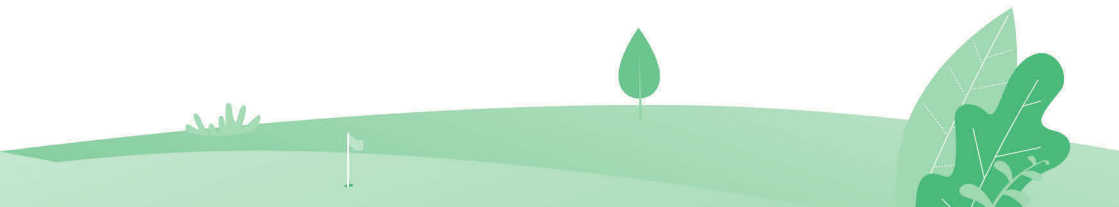
Room 4501
One Midtown
11 Hoi Shing Road
Tsuen Wan
Hong Kong

STOCK CODE

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

WEBSITE

<http://www.sinogolf.com>



FINANCIAL HIGHLIGHTS

Results

	For the six months ended 30 June		Changes (Decrease)/ Increase
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	
Revenue	87,036	109,202	(20.3%)
from golf equipment segment	72,883	86,521	(15.8%)
from golf bags segment	14,153	22,681	(37.6%)
Gross profit	14,918	12,979	14.9%
Profit/(loss) before interest, tax, depreciation and amortisation	2,571	(5,801)	144.3%
Loss for the period attributable to owners of the Company	(12,431)	(16,717)	(25.6%)
	HK cent	HK cent	
Loss per share			
Basic and diluted	(0.24)	(0.32)	
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 2020 which have been reviewed by the Company’s audit committee, together with the comparative figures for the six months ended 30 June 2019 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	87,036	109,202
Cost of sales		(72,118)	(96,223)
Gross profit		14,918	12,979
Other operating income	6	2,506	2,356
Selling and distribution expenses		(983)	(1,552)
Administrative expenses		(22,108)	(25,781)
Finance costs	7	(6,589)	(4,312)
Loss before tax		(12,256)	(16,310)
Income tax expense	8	(175)	(407)
Loss for the period	9	(12,431)	(16,717)
Other comprehensive income for the period:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		–	–
Other comprehensive income for the period		–	–
Total comprehensive expense for the period		(12,431)	(16,717)





		Six months ended 30 June	
		2020	2019
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Loss for the period attributable to:			
– Owners of the Company		(12,431)	(16,717)
– Non-controlling interests		–	–
		(12,431)	(16,717)
Total comprehensive expense for the period attributable to:			
– Owners of the Company		(12,431)	(16,717)
– Non-controlling interests		–	–
		(12,431)	(16,717)
		HK cent	<i>HK cent</i>
Loss per share			
Basic and diluted	11	(0.24)	(0.32)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	97,498	102,465
Right-of-use assets	13	213,668	217,920
Goodwill		–	–
Club debentures		2,897	2,897
Deposits and other receivables	14	–	41
Prepayments for the acquisition of property, plant and equipment		70	330
		314,133	323,653
Current assets			
Inventories		37,590	40,285
Trade and other receivables	14	53,610	56,322
Pledged bank deposit		589	589
Bank balances and cash		90,585	118,995
		182,374	216,191
Current liabilities			
Trade and other payables	15	33,850	61,693
Amount due to a related company		–	1,316
Amount due to a director		70,196	73,780
Lease liabilities	13	1,547	1,625
Income tax payable		–	354
Bank borrowings	16	58,889	58,889
		164,482	197,657





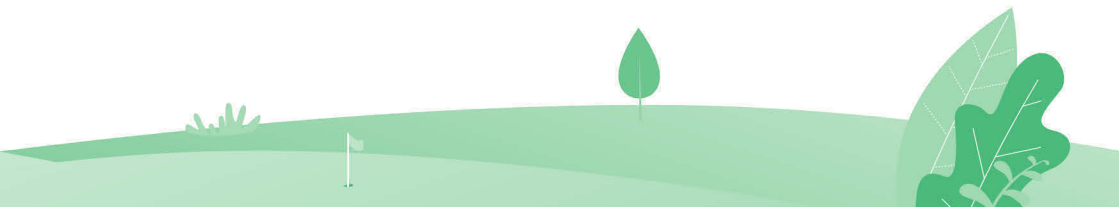
	Notes	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 HK\$'000 (Audited)
Net current assets		17,892	18,534
Total assets less current liabilities		332,025	342,187
Non-current liabilities			
Convertible bond	17	64,817	61,819
Lease liabilities	13	215	931
Deferred tax liabilities		215	227
		65,247	62,977
Net assets		266,778	279,210
Capital and reserves			
Share capital	18	52,013	52,013
Reserves		212,035	224,467
Equity attributable to owners of the Company		264,048	276,480
Non-controlling interests		2,730	2,730
Total equity		266,778	279,210



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	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))	Assets revaluation reserve HK\$'000	Statutory surplus reserve HK\$'000 (Note (ii))	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2019 (audited)	52,013	399,369	27,167	33,966	822	17	455	(212,748)	301,061	2,730	303,791
Loss for the period	-	-	-	-	-	-	-	(16,717)	(16,717)	-	(16,717)
Total comprehensive expense for the period	-	-	-	-	-	-	-	(16,717)	(16,717)	-	(16,717)
At 30 June 2019 (unaudited)	52,013	399,369	27,167	33,966	822	17	455	(229,465)	284,344	2,730	287,074
At 1 January 2020 (audited)	52,013	399,369	27,167	33,966	824	17	(1,010)	(235,867)	276,479	2,730	279,209
Loss for the period	-	-	-	-	-	-	-	(12,431)	(12,431)	-	(12,431)
Total comprehensive expense for the period	-	-	-	-	-	-	-	(12,431)	(12,431)	-	(12,431)
At 30 June 2020 (unaudited)	52,013	399,369	27,167	33,966	824	17	(1,010)	(248,298)	264,048	2,730	266,778





Notes:

- (i) The Group's contributed surplus represents (i) the difference between the nominal value of the shares and the share premium account of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor; and (ii) the credit arising from the capital reorganisation of the Company, partially offset by the bonus issue, as set out in the circular of the Company dated 14 December 2015.

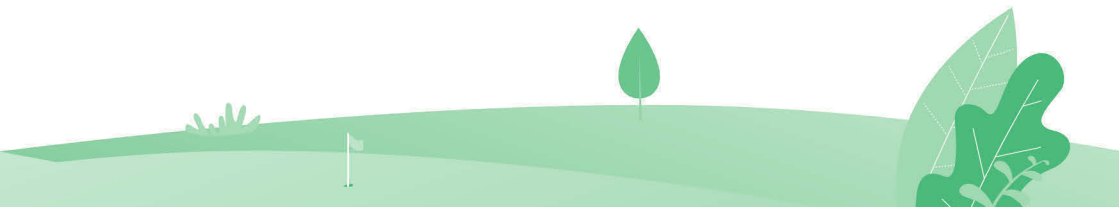
- (ii) As stipulated by regulations in the People's Republic of China (the "**PRC**"), certain subsidiaries in the PRC are required to appropriate 10% of their after-tax profit (after offsetting prior year losses) to a statutory surplus reserve fund until the balance of the fund reaches 50% of its registered capital and thereafter any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior year losses, or for conversion into registered capital on the condition that the statutory surplus reserve fund shall be maintained at a minimum of 25% of the registered capital after such utilisation.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Cash flows from operating activities		
Net cash (used in) from operating activities	(21,116)	7,737
Cash flows from investing activities		
Purchase of property, plant and equipment	(49)	(881)
Prepayment for acquisition of property, plant and equipment	(8)	(96)
Proceeds from disposal of property, plant and equipment	–	444
Interest received	754	816
Net cash from investing activities	697	283
Cash flows from financing activities		
Repayment of bank borrowings	(47,778)	(48,864)
New bank borrowings raised	47,778	48,864
Repayment to a director	(3,584)	(7,668)
Interest paid	(3,613)	(1,720)
Payment of lease liabilities	(794)	–
Net cash used in financing activities	(7,991)	(9,388)
Net decrease in cash and cash equivalents	(28,410)	(1,368)
Cash and cash equivalents at 1 January	118,995	126,249
Cash and cash equivalents at 30 June, represented by bank balances and cash	90,585	124,881



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

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 2020 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared on the historical cost basis, except for ownership interest in leasehold land and buildings, which are measured at revalued 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 2019.

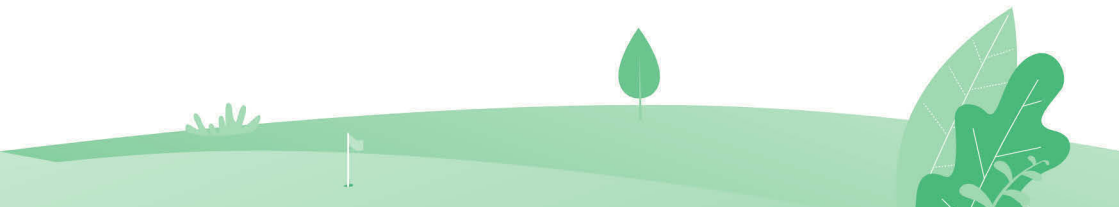
In the current interim period, the Group has applied, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards ("HKFRSs") and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS and the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim 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 (2019: three) reportable and operating segments as follows:

- Golf equipment – The manufacturing and trading of golf equipment, and related components and parts.
- Golf bags – The manufacturing 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Segment revenue:										
Sales to external customers	72,883	86,521	14,153	22,681	-	-	-	-	87,036	109,202
Inter-segment sales	-	-	2,066	6,224	-	-	(2,066)	(6,224)	-	-
Other operating income	1,577	1,346	176	194	-	-	-	-	1,753	1,540
Total	74,460	87,867	16,395	29,099	-	-	(2,066)	(6,224)	88,789	110,742
Segment results	(1,761)	(9,060)	2,507	3,349	(3,361)	(3,336)	-	-	(2,615)	(9,047)
Interest income									753	816
Unallocated corporate expenses									(3,805)	(3,767)
Finance costs									(6,589)	(4,312)
Loss before tax									(12,256)	(16,310)

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	
	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 HK\$'000 (Audited)	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 HK\$'000 (Audited)	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 HK\$'000 (Audited)	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 HK\$'000 (Audited)
Segment assets	171,887	192,855	10,745	15,269	204,434	207,768	387,066	415,892
Unallocated corporate assets								
– Club debentures							2,897	2,897
– Bank balances and cash							90,585	118,995
– Others							15,959	2,060
Total assets							496,507	539,844
Segment liabilities	20,302	45,275	6,027	10,026	7,492	7,471	33,821	62,772
Unallocated corporate liabilities								
– Amount due to a related company							–	1,316
– Amount due to a director							70,196	73,780
– Income tax payable							–	354
– Bank borrowings							58,889	58,889
– Convertible bond							64,817	61,819
– Deferred tax liabilities							215	227
– Others							1,791	1,477
Total liabilities							229,729	260,634

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

- all assets are allocated to operating segments other than certain right-of-use assets, club debentures, bank balances and cash, certain other receivables 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 operating segments other than amount due to a related company, amount due to a director, income tax payable, certain lease liabilities, bank 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest income	753	816
Sale of scrap materials	4	35
Sample income	110	73
Tooling income	9	546
Gain on disposal of property, plant and equipment	–	375
Sundry income	205	259
Rental income	146	44
Exchange gain, net	–	208
Government grant	1,144	–
Government subsidy	135	–
	2,506	2,356

7. FINANCE COSTS

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest expenses on:		
– Bank borrowings	1,638	1,720
– Convertible bond	2,998	2,733
– Amount due to a director (note i)	1,890	–
– Lease liabilities	63	10
Total borrowing costs	6,589	4,463
Less: amount capitalised (note ii)	–	(151)
	6,589	4,312

7. FINANCE COSTS – CONTINUED

Notes:

- (i) Interest at 5% per annum was charged on the amount due to a director for the six months ended 30 June 2020 (six months ended 30 June 2019: non-interest bearing).
- (ii) No borrowing costs arising on the general borrowing pool were capitalised during the period (six months ended 30 June 2019: borrowing costs were capitalised by applying a capitalisation rate of 5.71% per annum to expenditure on qualifying assets).

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
PRC Enterprise Income Tax	188	419
Deferred tax	(13)	(12)
	175	407

- (i) No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2020 and 2019 as there are no assessable profits generated or the estimated assessable profit has been offset by tax losses brought forward from previous years.
- (ii) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.
- (iii) The corporate income tax in Saipan is calculated at 35% of the estimated profit. No provision for corporate income tax for the subsidiary incorporated in Saipan has been made as no income has been derived from Saipan during the six months ended 30 June 2020 and 2019.
- (iv) 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 (crediting):

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	72,118	96,223
Depreciation of property, plant and equipment	3,987	2,636
Depreciation of right-of-use assets/amortisation of prepaid lease payments	4,251	3,561
Exchange loss, net	337	–
Government grant (<i>note i</i>)	(1,144)	–
Government subsidy (<i>note ii</i>)	(135)	–
Expenses relating to short-term leases	856	1,624

Notes:

- (i) The amount represents a cash grant (2019: nil) awarded by the Government of the PRC in recognition of the contribution of a PRC subsidiary in the tax regime.
- (ii) The amount relates to cash subsidy recognised for the period (2019: nil) which was received from the anti-epidemic fund of the Government of the Hong Kong Special Administrative Region with conditions having been satisfied.

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 2019: nil).

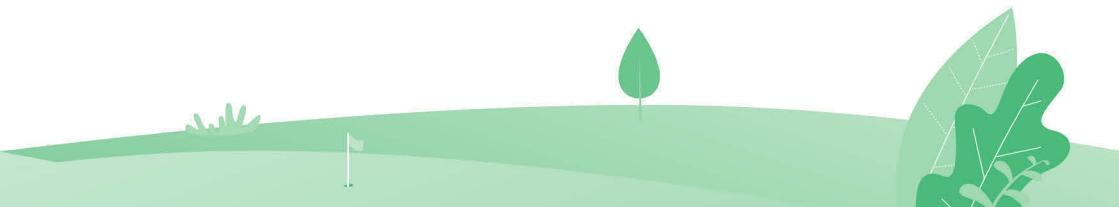
11. LOSS PER SHARE

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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share	(12,431)	(16,717)

	Six months ended 30 June	
	2020	2019
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	5,201,250	5,201,250

The computation of diluted loss per share for the six months ended 30 June 2020 and 2019 does not assume the conversion of the Company's outstanding convertible bond since its exercise would result in a decrease in loss per share.



12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group incurred approximately HK\$317,000 (six months ended 30 June 2019: approximately HK\$960,000) on acquisition of property, plant and equipment without interest expenses capitalised (six months ended 30 June 2019: net of capitalised interest expenses of approximately HK\$151,000).

Assets with a net carrying value of approximately HK\$1,297,000 were disposed of by the Group during the six months ended 30 June 2020 (six months ended 30 June 2019: approximately HK\$69,000), resulting in a net loss on disposal of approximately HK\$611,000 (six months ended 30 June 2019: net gain on disposal of approximately HK\$375,000).

In the opinion of the Directors, the aggregate carrying amount of the Group's leasehold land and buildings at the end of the current interim period that is carried at revalued amount does not differ significantly from their estimated fair value. Consequently, no revaluation surplus or deficit has been recognised in the current interim period.

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

Breakdown of balances as at 30 June 2020 and 31 December 2019:

	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 HK\$'000 (Audited)
Land	211,845	215,306
Building	1,823	2,614
	213,668	217,920

Right-of-use assets of approximately HK\$7,411,000 (31 December 2019: HK\$7,547,000) and HK\$204,434,000 (31 December 2019: HK\$207,759,000) represent land use right in the PRC and Saipan respectively. At 30 June 2020, balance of approximately HK\$7,411,000 (31 December 2019: HK\$7,547,000) was pledged to secure bank borrowings.

The Group has lease arrangements for buildings. The lease terms generally range from 2 to 3 years. There was no addition to the right-of-use assets for the six months ended 30 June 2020. Addition to the right-of-use assets for the year ended 31 December 2019 amounted to approximately HK\$468,000 due to new lease of buildings.

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

(ii) Lease liabilities

	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 <i>HK\$'000</i> (Audited)
Non-current	215	931
Current	1,547	1,625
	1,762	2,556

Amounts payable under lease liabilities:

	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 <i>HK\$'000</i> (Audited)
Within one year	1,547	1,625
After one year but within two years	215	931
	1,762	2,556
Less: Amount due for settlement within 12 months	(1,547)	(1,625)
Amount due for settlement after 12 months	215	931

During the year ended 31 December 2019, the Group recognised approximately HK\$468,000 lease liabilities at initial recognition of the new lease of buildings.

(iii) Amounts recognised in profit or loss

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Depreciation on right-of-use assets	4,251	98
Interest expense on lease liabilities	63	10
Expenses related to short-term leases	856	1,624

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

(iv) Others

During the six months ended 30 June 2020, total cash outflow for leases including short-term leases amounted to approximately HK\$1,713,000 (six months ended 30 June 2019: HK\$1,732,000). All lease payments of the Group are fixed.

14. TRADE AND OTHER RECEIVABLES

	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 HK\$'000 (Audited)
Trade receivables	36,121	48,094
Less: allowance for impairment of trade receivables	–	–
	36,121	48,094
Deposits and other receivables	15,773	3,817
Prepayments	1,171	3,973
Prepayments to suppliers	545	479
	53,610	56,363
Non-current	–	41
Current	53,610	56,322
	53,610	56,363

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 90 days (2019: 30 and 60 days). The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

14. TRADE AND OTHER RECEIVABLES – CONTINUED

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

	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 <i>HK\$'000</i> (Audited)
0 to 30 days	15,018	31,436
31 to 90 days	15,844	13,883
91 to 180 days	5,259	2,775
	36,121	48,094

15. TRADE AND OTHER PAYABLES

	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 <i>HK\$'000</i> (Audited)
Trade payables	18,681	46,802
Contract liabilities	1,379	3,317
Accruals and other payables	13,790	11,574
	33,850	61,693

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

	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 <i>HK\$'000</i> (Audited)
0 to 90 days	10,372	38,401
91 to 180 days	4,190	5,328
181 to 365 days	2,545	1,788
Over 365 days	1,574	1,285
	18,681	46,802

16. BANK BORROWINGS

	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 HK\$'000 (Audited)
Carrying amount of term loans, secured and repayable within one year	58,889	58,889

During the six months ended 30 June 2020, the Group raised new bank borrowings of approximately HK\$47,778,000 (year ended 31 December 2019: approximately HK\$61,047,000) to finance its working capital.

At 30 June 2020, bank borrowings of approximately HK\$58,889,000 are fixed-rate borrowings (31 December 2019: approximately HK\$58,889,000). The fixed-rate borrowings carry interest ranging from 5.44% to 5.66% per annum (31 December 2019: 5.66% to 5.87% per annum).

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 Wealth Sailor Limited, the substantial shareholder and ultimate beneficial owner is Mr. Huang Youlong, with maturity date on 7 November 2021 (the "Maturity Date"). The CB is interest free, unsecured and denominated in Hong Kong dollars.

The principal terms of the CB are as follows:

Conversion: The holder of the CB is entitled to convert the CB into ordinary shares of the Company at a conversion price of HK\$0.114 per ordinary share.

The conversion rights are exercisable at any time during the period commencing from the date of issue of the CB up to the Maturity Date.

Redemption: No early redemption option is granted either to the Company or the holder of CB except for event of default (as defined in the terms and conditions of the convertible notes disclosed in the circular of the Company dated 30 September 2016) occurred. The CB will only be redeemed by the Company at the Maturity Date.

Subject to the occurrence of an event of default, the CB shall become due and payable on the giving of notice in writing by the bondholder to the Company.

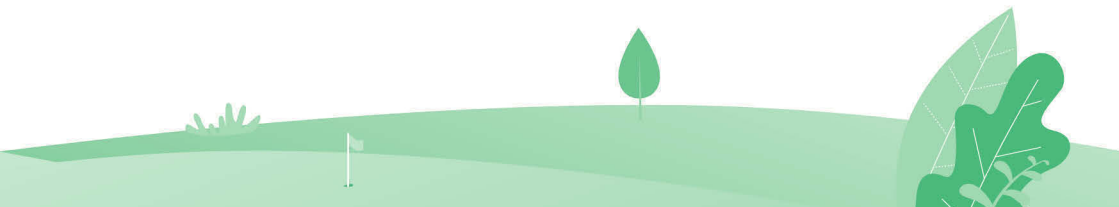
The CB contains two components, liability and equity elements. The equity element is presented in equity heading "convertible bond equity reserve". The effective interest rate of the liability component is 9.7% per annum.

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	Equity component of the CB	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2019	56,353	27,167	83,520
Effective interest charge for the year	5,466	–	5,466
At 31 December 2019 and 1 January 2020	61,819	27,167	88,986
Effective interest charge for the period	2,998	–	2,998
At 30 June 2020	64,817	27,167	91,984

No CB was converted into ordinary shares of the Company during the six months ended 30 June 2020 (six months ended 30 June 2019: nil). No redemption, purchase or cancellation by the Company has been made in respect of the CB during the six months ended 30 June 2020 (six months ended 30 June 2019: nil). As at 30 June 2020, the principal amount of the CB that remained outstanding amounted to HK\$74,100,000 (31 December 2019: HK\$74,100,000) of which a maximum of 650,000,000 (31 December 2019: 650,000,000) shares may fall to be issued upon their conversions, subject to anti-dilution adjustments provided in the terms of the CB. Details of the terms of the CB are set out in the Company's circular dated 30 September 2016.



18. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 (2019: HK\$0.01) each		
Authorised		
As at 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020	10,000,000	100,000
Issued and fully paid		
As at 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020	5,201,250	52,013

19. SHARE-BASED PAYMENT TRANSACTIONS

The Company has a share option scheme for eligible participants including the employees of the Group, which became effective on 5 June 2012 and, unless otherwise cancelled or amended, would remain in force for 10 years from that date.

There were no share options granted, cancelled, lapsed nor forfeited during the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

At 30 June 2020 and at 31 December 2019, no share option remained outstanding and no share option was held by the employees and the Directors.

20. CAPITAL COMMITMENTS

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

	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial information in respect of plant and machinery	4	232

21. LITIGATIONS

At 30 June 2020, an indirect wholly-owned subsidiary of the Company has been named as defendant in a Hong Kong High Court action since a writ was issued against it in April 2011 and it was claimed for an amount of approximately HK\$1,546,000. The subsidiary has filed a full defence in May 2011 to this writ and no further action was initiated by plaintiff since then. In the opinion of the directors of the Company, based on the legal opinion obtained and the available information, no provision is considered necessary for the claim arising from the legal proceeding at the end of the reporting period.

As such, the directors of the Company considered that no provision was required to be made in these consolidated financial statements.

Other than as disclosed, the Group had no significant contingent liabilities as at 30 June 2020.

22. FAIR VALUE DISCLOSURE

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost as at 30 June 2020 and 31 December 2019 approximate to their fair values due to their short-term maturities and the discounting impact is not significant.

23. RELATED PARTY AND CONNECTED 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	
		2020	2019
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Rental expenses paid to Sino Orange (China) Company Limited	<i>(i)</i>	720	540
Interest expense on amount due to a director	<i>(ii)</i>	1,890	–

Notes:

- (i) The rental expenses paid to a related company, which Mr. Chu Chun Man, Augustine, the director of the Company, has beneficial interest in, were determined at rates agreed between the Group and the related company.
- (ii) The interest expense is paid or payable to one of the directors of the Company.

23. RELATED PARTY AND CONNECTED PARTY TRANSACTIONS – CONTINUED**(b) Compensation of key management personnel**

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,473	2,607
Post-employment benefits	27	30
	2,500	2,637

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

24. MAJOR NON-CASH TRANSACTION

There was no major non-cash transaction for the six months ended 30 June 2020 and 2019.

25. EVENT AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 30 June 2020 and up to the date of this interim report.

26. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

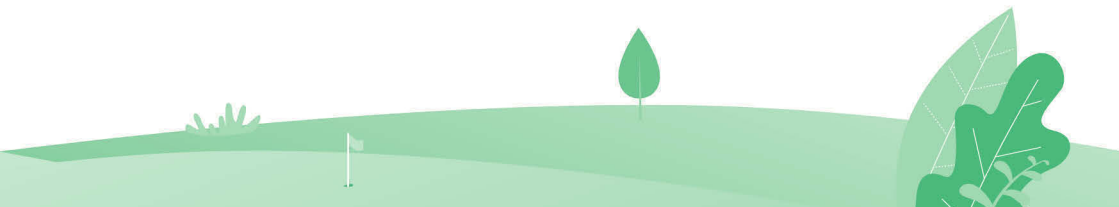
This unaudited condensed consolidated financial information were approved and authorised for issue by the Board on 27 August 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

The outbreak of novel coronavirus (COVID-19) since January 2020 has posed severe threats to the human health worldwide and significantly retarded the global economy due to government closure orders; travel restrictions and quarantine measures. There is no sign the pandemic will cease shortly but, more likely, it may last for longer period to continue human infections until vaccines for curing COVID-19 are mass produced after successful research. Hard hit by the economic downturn, the golf business of the Group plummeted in the first half year of 2020 though the manufacturing operations had resumed in mid-February after the extended lunar new-year holidays in China. The market conditions remained depressed throughout the period due to the uncertainties caused by COVID-19 and the impact of the first phase of Trade Agreement concluded in mid-January 2020 between the United States and China. The golf revenue of the Group decreased remarkably during the period as customers had generally cut down and/or rescheduled the orders when they were compelled to temporarily cease operations or changed to operate on home office under the pandemic. Notwithstanding the depressed market, the Group pursued to strengthen the business rationalisation measures to persistently optimise costs and up-hold contribution margins. During the period, there was no revenue generated by the hospitality segment as the development of the hospitality business has been postponed until the external restricting factors in Saipan are resolved. Overall, the Group's revenue for the period shrunk approximately 20.3% and sales to the largest customer was down approximately 36.8%. Strategically, the Board is committed to continually exploring more and different potential development opportunities to expand and diversify the business of the Group.

The Group's revenue for the six months ended 30 June 2020 amounted to approximately HK\$87,036,000 (2019: approximately HK\$109,202,000). Loss for the period attributable to owners of the Company was reduced to approximately HK\$12,431,000 (2019: approximately HK\$16,717,000). Basic and diluted loss per share were both approximately HK0.24 cent for the reporting period (2019: basic and diluted loss per share were both approximately HK0.32 cent).



GOLF EQUIPMENT BUSINESS

The golf equipment segment has been the main operating segment of the Group throughout the years. It accounted for approximately 83.7% of the Group's revenue for the six months ended 30 June 2020 (2019: approximately 79.2%). Impacted by the pandemic, the golf equipment sales declined 15.8% to approximately HK\$72,883,000 for the period (2019: approximately HK\$86,521,000).

During the period, sales of golf equipment and accessories to the largest segmental customer decreased by 29.6% to approximately HK\$34,710,000 (2019: approximately HK\$49,300,000), representing approximately 47.6% (2019: approximately 57.0%) of the segment revenue or approximately 39.9% (2019: approximately 45.1%) of the Group's revenue for the period, respectively. Sales to other segmental customers fell generally by various extent whereas sales to new customers contributed to partly compensate for the retarded sales to the existing key customers. Revenue generated from the top five segmental customers decreased by 12.0% to approximately HK\$70,911,000 (2019: approximately HK\$80,562,000), representing approximately 97.3% (2019: approximately 93.1%) of the segment revenue or approximately 81.5% (2019: approximately 73.8%) of the Group's revenue for the period, respectively. Strategically, the Group has attached great importance on the long-term development of the golf equipment business and is devoted to working closely with the customers for mutual interest as well as exploring new business opportunities with other reputable golf name brands.

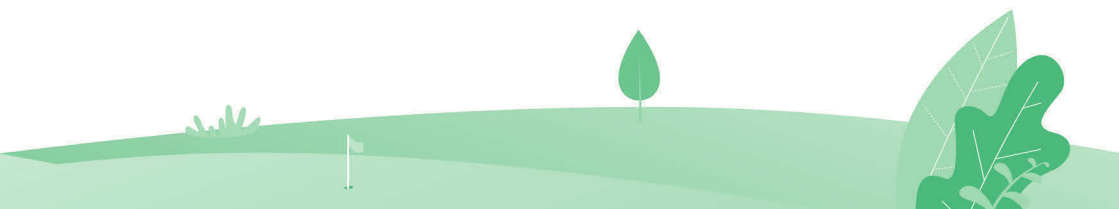
To mitigate the financial burdens suffered by business enterprises under the pandemic, the PRC government had granted reliefs to exempt and/or reduce the retirement benefits contribution payments by enterprises in China which saved approximately RMB1,439,000 (equivalent to approximately HK\$1,599,000) for the golf equipment segment during the period. To fight against the pandemic, the Group adopted stringent anti-epidemic measures and flexible working hours to minimise human infection risk and secure workforce safety. The anti-epidemic measures were proved effective and constituted important tools to provide a safe environment for the normal business operations. During the period, the Shandong manufacturing facility was awarded RMB1,030,000 (equivalent to approximately HK\$1,144,000) from the Shandong provincial government in recognition of its contribution in the tax regime. The golf equipment segment pursued to strengthen the rationalisation measures to continually streamline the operations and optimise costs. The increased utilisation of subcontracting arrangements has brought extra cost benefit to the Group whilst maintaining a high standard of product quality. On the other hand, the production efficiency had been enhanced with the implementation of incentive programs to remunerate the production personnel when cost savings were achieved against the preset output targets of different manufacturing processes. The Shandong manufacturing facility has conducted periodic review of its workforce aiming to timely adjust the crew size commensurate with the business volume and market conditions. Through proactive management, the performance of the golf equipment segment was improved as evidenced by achieving a higher average gross profit margin which helped mitigate the losses sustained under the depressed business.

Notwithstanding a remarkable drop in the segment revenue, the golf equipment segment managed to substantially reduce the segment loss for the six months ended 30 June 2020 to approximately HK\$1,761,000 which was 80.6% less than the segment loss of approximately HK\$9,060,000 incurred for the comparative period in 2019. Taking into account the order book status and the impact of the pandemic, it is anticipated that the golf equipment business will be operating under greater pressure with severe challenges in the second half year until vaccines for curing COVID-19 are mass produced for use and business activities are able to resume to normal. To substantiate the long-term development, the golf equipment segment is devoted to persistently strengthening the customer relationship with diverse marketing initiatives. The management has maintained a prudent view with caution on the prospect of the golf equipment business for the second half year of 2020.

GOLF BAGS BUSINESS

Impacted by the pandemic, the Group's revenue attributable to the golf bags segment, defined as comprising the sales of golf bags and accessories to external customers, decreased by 37.6% to approximately HK\$14,153,000 (2019: approximately HK\$22,681,000), representing approximately 16.3% of the Group's revenue for the six months ended 30 June 2020 (2019: approximately 20.8%). Total sales of the golf bags segment, before elimination of the inter-segmental sales of approximately HK\$2,066,000 (2019: approximately HK\$6,224,000), dropped about 43.9% to approximately HK\$16,219,000 during the period (2019: approximately HK\$28,905,000). The inter-segmental sales represented the golf bags produced as components for the orders of golf club sets placed by customers with the golf equipment segment. The sales of the golf club sets have been classified as the revenue of the golf equipment segment in accordance with the Group's policy.

The segment revenue for the period comprised golf bags sales of approximately HK\$11,339,000 (2019: approximately HK\$20,006,000) and accessories sales mainly sports bags of approximately HK\$2,814,000 (2019: approximately HK\$2,675,000), representing approximately 80.1% (2019: approximately 88.2%) and approximately 19.9% (2019: approximately 11.8%) of the segment revenue, respectively. The golf bags sales decreased substantially by 43.3% whilst the accessories sales mainly sports bags sales increased moderately by 5.2% during the period.



Sales to the largest segmental customer for the period decreased by 61.3% to approximately HK\$5,637,000 (2019: approximately HK\$14,577,000), representing approximately 39.8% (2019: approximately 64.3%) of the segment revenue or approximately 6.5% (2019: approximately 13.3%) of the Group's revenue for the period, respectively. Through diverse marketing initiatives, sales to other key segmental customers had dropped by a less extent whereas sales to new customers contributed to partially compensate for the retarded sales to the existing key customers. Revenue generated from the top five segmental customers fell by 40.3% to approximately HK\$12,693,000 (2019: approximately HK\$21,270,000) representing approximately 89.7% (2019: approximately 93.8%) of the segment revenue or approximately 14.6% (2019: approximately 19.5%) of the Group's revenue for the period, respectively. Despite the depressed market, the golf bags segment has pursued to strengthen the rationalisation measures to persistently streamline the operations to enhance efficiency and optimise costs to substantiate the long-term development.

Suffering from the depressed sales, the golf bags segment recorded a lesser segment profit of approximately HK\$2,507,000 for the six months ended 30 June 2020 (2019: approximately HK\$3,349,000). Taking into consideration the sales orders status and the impact of the pandemic, the management has adopted a prudent view on the outlook of the golf bags business for the second half year of 2020.

HOSPITALITY BUSINESS

The Board has been exploring appropriate diversification business opportunities and/or investments to expand the revenue sources and enhance the long-term growth potential of the Group. With the optimistic view of the tourism and golf related industries in 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 at Lot 007 A 02, Lot 007 A 03, Lot 007 A 04, Lot 022 A 02, Lot 022 A 03, Lot 007 A 05, Lot 007 A 06, Lot 007 A 07, Lot 036 D 01, Lot 010 A 02, Lot 010 A 17 and Lot 032 A 01 in Saipan with a total site area of approximately 79,529 square metres. The acquisition of the Lucky Fountain Group provides the Group with opportunities to dip into the hospitality segment of Saipan and savor in the development of the tourism and golf related industries in Saipan.

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

During the current period ended, no revenue (six months ended 30 June 2019: Nil) was generated from the hospitality business.

PROSPECTS

The worldwide outbreak of COVID-19 since January 2020 has brought great uncertainties and instability to the global economy and financial markets. During the six months ended 30 June 2020, the business of the Group was adversely affected under the pandemic and the impact of the first phase of Trade Agreement between the United States and China. Notwithstanding the significant decline in the golf equipment and golf bags sales, the Group has managed to improve the contribution margins to mitigate the loss incurred for the period through effective business rationalisation measures. It is anticipated that the market conditions will remain volatile and challenging in the second half year of 2020 to hit businesses. For the long-term development and mutual benefits, the Group has pursued to co-operate and work closely with the customers to best serve their needs and deal with the challenges in an era of huge economic turmoil. The Group is devoted to persistently implementing effective measures to streamline the operations and optimise costs. The Company holds the view that the Group has possessed a solid and healthy financial position with sufficient funds to finance its operations and discharge the liabilities when due. The Group maintains a prudent view with caution on the prospect of the golf business for the foreseeable future.

On the other hand, the acquisition of the Lucky Fountain Group in 2016 provides the Group with the opportunity to diversify its business and the potential to enhance its revenue sources. Although the development plan in Saipan has been postponed at the current stage, the Group will continue to observe the hospitality industry trend in Saipan from time to time and start the development plan in the best entry time.



Looking ahead of time, the Group will start the wine trading business. The Group will continue to pursue a cautious business approach to closely monitor the golf equipment and golf bags business 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 2020 (six months ended 30 June 2019: Nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

The Group meets its working capital and other capital requirements principally with cash generated from its operations, borrowings and advances from a director. As at 30 June 2020, bank balances and cash, which were mostly denominated in United States dollars (“**US\$**”), Hong Kong dollars (“**HK\$**”) and Renminbi (“**RMB**”), amounted to approximately HK\$90,585,000 (31 December 2019: approximately HK\$118,995,000). As at 30 June 2020, interest-bearing borrowings of the Group comprising bank borrowings aggregated to RMB53,000,000 which was equivalent to approximately HK\$58,889,000 (31 December 2019: RMB53,000,000 which was equivalent to approximately HK\$58,889,000), of which all were repayable within one year and carried interest at approximately 5.44% to 5.66% (31 December 2019: 5.66% to 5.87%) per annum. Bank borrowings were fixed rate borrowings denominated in Renminbi as at 30 June 2020 and 30 December 2019, respectively. There is no amount due to a related company as at 30 June 2020 (31 December 2019: HK\$1,316,000 which was unsecured, non-interest bearing and repayable on demand). Amount due to a director of approximately HK\$70,196,000 as at 30 June 2020 (31 December 2019: HK\$73,780,000) was unsecured, carrying interest at 5% per annum and repayable on demand.

As at 30 June 2020, the gearing ratio, defined as bank borrowings, amount due to a director, amount due to a related company and convertible bond less bank balances and cash and pledged bank deposit of approximately HK\$102,728,000 (31 December 2019: HK\$76,220,000) divided by the total equity of approximately HK\$266,778,000 (31 December 2019: HK\$279,210,000) increased to approximately 38.5% due to lower level of bank and cash balances (31 December 2019: approximately 27.3%).

As at 30 June 2020, the total assets and the net asset value of the Group amounted to approximately HK\$496,507,000 (31 December 2019: approximately HK\$539,844,000) and approximately HK\$266,778,000 (31 December 2019: approximately HK\$279,210,000), respectively. Current and quick ratios as at 30 June 2020 were approximately 1.11 (31 December 2019: approximately 1.09) and approximately 0.88 (31 December 2019: approximately 0.89), respectively. The Group has pursued to continually explore feasible means to rationalise and improve its financial position from time to time.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures for the six months ended 30 June 2020.

PLEDGE OF ASSETS

As at 30 June 2020, bank borrowings from a PRC bank of RMB53,000,000 which was equivalent to approximately HK\$58,889,000 (31 December 2019: RMB53,000,000 which was equivalent to approximately HK\$58,889,000) were secured by property, plant and equipment and the right-of-use assets/prepaid lease payments of the Group with a carrying value of approximately 97,785,000 (31 December 2019: approximately HK\$99,324,000). As at 30 June 2020, the Group had pledged bank deposit of RMB530,000 which was equivalent to approximately HK\$589,000 (31 December 2019: RMB530,000 which was equivalent to approximately HK\$589,000). Such bank deposit serves as the security in respect of the lease of the Group's golf bags factory facilities.

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 2020. 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 2020, an indirect wholly-owned subsidiary of the Company had been named as defendant in a Hong Kong High Court action as a writ of summons 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 has filed a full defense to this writ. In the opinion of the Directors, no provision for any potential liability has been made in the consolidated financial statements as the Group has pleaded reasonable chance of success in the defense.

Other than as disclosed, the Group had no significant contingent liabilities as at 30 June 2020.

EVENT AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 30 June 2020 up to the date of this interim report.

CAPITAL COMMITMENTS

As at 30 June 2020, the Group had capital commitments, which are contracted but not provided for in the condensed consolidated financial information, in respect of leasehold land and building and plant and machinery amounting to approximately HK\$4,000 (31 December 2019: approximately HK\$232,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had approximately 630 employees (31 December 2019: 860 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.



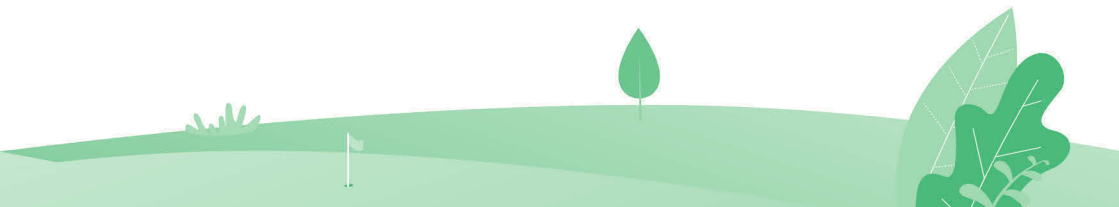
OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2020, 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 to the Listing Rules, were set out as follows:

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

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



(II) LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF ASSOCIATED CORPORATION:

Name of Director	Name of associated corporation	Relationship with the Company	Shares	Number of shares held	Capacity and nature of interest	Percentage of the associated corporation's issued non-voting deferred share capital
Mr. CHU Chun Man, Augustine	Sino Golf Manufacturing Company Limited	Company's subsidiary	Non-voting deferred shares	1,190,607	Directly beneficially owned	30.98%

In addition to the above, a Director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Group solely for the purpose of complying with the then minimum company membership requirements.

Save as disclosed above, as at 30 June 2020, none of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2020, the following persons (not being a Director or the chief executive of the Company) have interests or short positions of 5% or more of the issued share capital and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or as otherwise notified to the Company:

LONG POSITIONS:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held and interest in underlying shares	Percentage of the Company's issued share capital
China Huarong Asset Management Co., Ltd.	(a)	Security interest held by controlled corporation	3,511,000,000	67.50%
China Huarong International Holdings Limited	(a)	Security interest held by controlled corporation	3,511,000,000	67.50%
Right Select International Limited	(a)	Security interest held by controlled corporation	3,511,000,000	67.50%
Wise Choice Ventures Limited	(a)/(b)	Security interest	3,511,000,000	67.50%
Wealth Sailor Limited	(c)	Beneficial owner	3,511,000,000	67.50%
Prominent Victory Limited	(b)/(d)	Beneficial interest held by controlled corporation	3,511,000,000	67.50%
Mr. Huang Youlong	(e)	Beneficial interest held by controlled corporation	3,511,000,000	67.50%
Ms. Zhao Wei	(f)	Interest of spouse	3,511,000,000	67.50%
Surplus Excel Limited	(g)	Beneficial owner	984,754,355	18.93%
Mr. Jiang Jianhui	(h)	Beneficial interest held by controlled corporation	984,754,355	18.93%

Notes:

- (a) Wise Choice Ventures Limited is a company wholly and beneficially owned by Right Select International Limited. Right Select International Limited is a company wholly and beneficially owned by China Huarong International Holdings Limited. China Huarong Asset Management Co., Ltd. is the ultimate beneficial owner of Wise Choice Ventures Limited. Each of Right Select International Limited, China Huarong International Holdings Limited and China Huarong Asset Management Co., Ltd. is deemed to be interested in the Shares which Wise Choice Ventures Limited has security interest by virtue of the SFO.
- (b) As at 30 June 2020, 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 Wise Choice Ventures Limited to secure the payment obligations under the secured notes issued by Prominent Victory Limited to Wise Choice Ventures Limited.
- (c) Wealth Sailor Limited is a company incorporated in the British Virgin Islands (“BVI”) with limited liability.
- (d) The interest disclosed are the Shares directly beneficially owned by Wealth Sailor Limited, the issued share capital of which is wholly held by Prominent Victory Limited. Accordingly, Prominent Victory Limited is deemed to be interested in the shares owned by Wealth Sailor Limited.
- (e) This represents the 2,861,000,000 shares and the convertible bonds (convertible into 650,000,000 shares) held by Wealth Sailor Limited. Mr. Huang is the sole ultimate beneficial shareholder and sole director of Wealth Sailor Limited, indirectly holding 100% of the issued share capital of Wealth Sailor Limited through his wholly-owned company, Prominent Victory Limited.
- (f) Ms. Zhao Wei is the spouse of Mr. Huang Youlong. Accordingly, Ms. Zhao Wei is deemed to be interested in the shares Mr. Huang Youlong is interested in.
- (g) Surplus Excel Limited is a company incorporated in the BVI with limited liability.
- (h) Mr. Jiang Jianhui directly holds 80% of the equity interest in Surplus Excel Limited and is deemed to be interested in the Shares held by Surplus Excel Limited.

Save as disclosed above, as at 30 June 2020, 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.

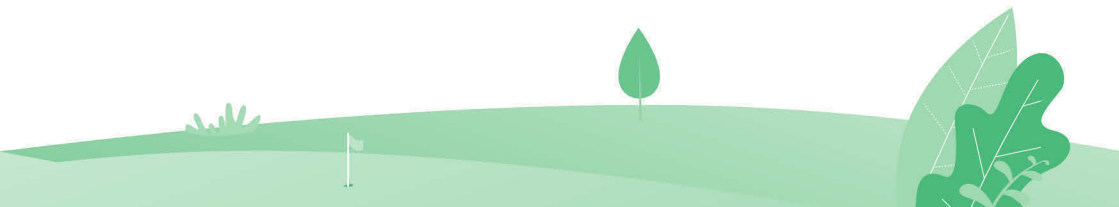
The purpose of the New Share Option Scheme is to enable the Company to continue to grant options to eligible participants which have been extended to include the employees (including any director, whether executive or non-executive and whether independent or not) in full-time or part-time employment 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 2020, 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 2020.

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 2020.



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 2020, except for certain deviations which are explained below:

- (a) Under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The roles of the chairman and chief executive officer have not been separated for the Company. The deviation is deemed appropriate and the Board believes that even vesting the roles of both chairman and chief executive officer in the same person could still provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. The Board further considers that the current structure does not impair the balance of power and authority between the Board and the management of the Company.
- (b) Code provision A.4.1 of the CG Code requires that non-executive Directors should be appointed for a specific term, subject to re-election. Although the non-executive Directors and independent non-executive Directors of the Company have not been appointed for any specific terms, the requirement of the code provision is effectively met as those non-executive Directors and independent non-executive Directors are required to retire by rotation once every three years and subject to re-election at the Company’s annual general meeting in accordance with the Company’s Bye-laws.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the Company’s code of conduct for dealings in securities of the Company by the Directors. Upon specific enquiry, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2020.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors of Mr. Ho Kwong Yu (chairman), Mr. Sheng Baojun and Ms. Lin Lin during the six months ended 30 June 2020 (during the six months ended 30 June 2019: three independent non-executive Directors) with written terms of reference. The audit committee has reviewed with management the accounting policies and practice adopted by the Group and discussed auditing, internal controls, and financial reporting matters including review of the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2020.

REMUNERATION COMMITTEE

The remuneration committee of the Company comprises three independent non-executive Directors of Mr. Sheng Baojun (chairman), Mr. Ho Kwong Yu, and Ms. Lin Lin during the six months ended 30 June 2020 (during the six months ended 30 June 2019: three independent non-executive Directors) with written terms of reference. The remuneration committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of the Directors of the Company and senior management of the Group.

NOMINATION COMMITTEE

The nomination committee of the Company comprises one executive Director of Mr. Huang Bangyin (chairman) and three independent non-executive Directors of Mr. Sheng Baojun, Mr. Ho Kwong Yu and Ms. Lin Lin during the six months ended 30 June 2020 (during the six months ended 30 June 2019: three independent non-executive Directors and one executive Director) with written terms of reference. The nomination committee has met once during the current interim period to review, *inter alia*, the structure, size and composition (including the skills, knowledge and experience of Directors) of the Board; to assess the independence of independent non-executive Directors; and to review the effectiveness of the board diversity policy adopted by the Company.





APPRECIATION

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

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

Hong Kong, 27 August 2020

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

