Honma Golf Limited
本間高爾夫有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6858)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

MAJOR DEVELOPMENTS IN THE SIX MONTHS ENDED 30 SEPTEMBER 2021:

- The Group's revenue increased robustly by 31.1% from the six months ended 30 September 2020 to JPY11,872.0 million (equivalent to USD$106.8 million). With governments gradually easing COVID-19 related restrictions, overall golf business experienced unprecedented increase in both participation and purchase interest. As a result, the Group's revenue from most of the markets grew exponentially, led by Japan where we recorded a revenue growth of 105.9% from the six months ended 30 September 2020. See "Management Discussion and Analysis – Financial Review – Revenue".

  - *By geography.* During the six months ended 30 September 2021, most of the Group's main markets recorded sales growth versus same period last year. Revenue from Japan, China, North America, Europe and Rest of the World rose sharply by 105.9%, 54.0%, 40.7%, 29.2% and 30.0%, respectively, on the back of a strong rebound of consumer demand, continued marketing activities to drive HONMA brand awareness and successful activation of various HONMA products. Revenue from Korea however declined by 31.0% caused by extended and in some parts, worsening impact from supply chain constraint.

  - *By product.* During the same period, revenue from all product categories showed double if not triple digit growth across the board, led by apparel from which we recorded a revenue growth of 151.3% from the six months ended 30 September 2020, thanks to continued upgrade of product development, merchandising planning and retail operations. Golf clubs, golf balls and accessories showed similar upward growth trajectory with revenue increasing by 23.9%, 24.3% and 26.6% from the six months ended 30 September 2020, respectively. Such increases were primarily driven by continued market penetration in HONMA's home markets, namely Japan, Korea and China, and successful product development in the non-club business segments.

- *By channel.* The performance of self-operated stores remained resilient and recorded a steady increase of 34.6% from the six months ended 30 September 2020, thanks to continued retail operation optimization. Meanwhile, revenue from third-party retailers and wholesalers stepped up by 29.7% as sales to the Group's retail partners in Japan grew by 265.3%, recovering from extended and lingered business closure during COVID-19 pandemic.

- Gross profit margin increased by 4.1 percentage points for the six months ended 30 September 2021 to reach 55.3% as compared to 51.2% for the six months ended 30 September 2020, on the back of a strong recovery in the gross margin of the Groups' existing club products.

- For the same period, profit before tax was JPY1,746.5 million (equivalent to USD15.7 million), up from a loss of JPY431.4 million for the six months ended 30 September 2020.

- Net operating cash flow continued to rise and stood at JPY3,702.4 million (equivalent to USD33.3 million) for the six months ended 30 September 2021, up by 43.7% as compared to the same period last year.

Interim Dividend

The Board has declared the payment of an interim dividend of JPY1.5 per share, amounting to approximately a total of JPY908.5 million for the six months ended 30 September 2021, representing approximately 7.8% of the Group's distributable profits as at 30 September 2021.

The board of directors (the "**Board**") of Honma Golf Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results (the "**Interim Results**") of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2021. The Interim Results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE COMPANY, ITS KEY BUSINESS RESULTS AND BUSINESS OUTLOOK

Company Profile and Overview

HONMA is one of the most prestigious and iconic brands in the golf industry. Founded in 1959, the Company combines latest innovative technologies with traditional Japanese craftsmanship to provide golfers across the globe with premium, high-tech and the best performing golf clubs, balls, apparels and accessories.

As the only vertically integrated golf company with in-house design, development and manufacturing capabilities, strong retail footprint in Asia and a diverse range of golf clubs and golf-related products, HONMA is perfectly positioned to continually grow its business in Asia and beyond, benefitting from the return of golfers in mature golf markets such as the U.S. and Japan and from increased participation in new and under-penetrated markets such as Korea and China.

The Company will be celebrating its 64th anniversary of HONMA in 2022. In January 2021, HONMA stepped up its tour presence in Asia by announcing a brand new HONMA team consisting of six additional female players whom are considered rising stars by the golf industry. The announcement came right before Asian markets started its new season and attracted wide attention from younger golfers in super-premium and premium-performance segments.

Key Operating Results

The global golf industry has seen continued increases across different markets in purchase interest and participation. With this, the management of HONMA made the decision to strengthen its product offering to create a greater focus on the super-premium and premium-performance consumer segments. This has led to a conscious decision to enrich its TOUR WORLD club family to include a performance enhancement series, to upgrade its legacy BERES club family with a modern and sophisticated approach while eliminating its Be ZEAL club family, which were designed for beginner players.

The continued presence of COVID-19 has led governments to implement social distancing and shelter-in-place, which created significant business operation challenges and slowed retail sales. Despite the fact that the majority of the Group's self-operated stores continued to experience business interruptions during the six months ended 30 September 2021, the Group's revenue increased by 31.1% as compared to the six months ended 30 September 2020.

Market wise, except for Korea where sales dropped due to serious and extended material, component supply chain constraints, all other markets demonstrated strong if not robust growth. Revenue from Japan grew by 105.9%, on the back of a complete sales recovery in all channels and product categories. China continued to lead the way in terms of growth, delivering a year-on-year revenue growth of 54.0% thanks to continued uptake in golf participation, expansion of retail footprint and optimization of product lineup. Revenue from North America and Europe also expanded, recording a year-on-year growth of 40.7% and 29.2%, respectively, thanks to successful activation of golf clubs products. Japan, Korea and China contributed 80.8% of the Group's total revenue.

Since early 2021, the golf industry started to experience encouraging recoveries, while a good majority of the golf courses in Asia, the U.S. and Europe re-opened for play and golfers increased participation. Since then, there have been steady and visible increase in the returned and new golf participation, and rounds played rose in most of the Group's major markets.

Highlights of Major Achievements

In the six months ended 30 September 2021, the Company steadfastly followed its growth strategies while carefully protecting the health of its employees and financial status. Among others, the Company delivered the following major achievements which the Company believes will continue to bring satisfactory business advancements and results in the future.

- ***Re-defining the HONMA brand.*** The Company took several steps to improve its global brand positioning and communication. To re-define the HONMA brand as a dynamic, relevant and global brand among internet-savvy younger golfers, the Company relaunched its global website in November 2018, and its social media platforms in January 2019. Since then the Company made regular and frequent content updates of all of its digital platforms to promote brand awareness and to appeal to younger golfers. The rapid increase in HONMA's digital communications has generated continued improvement in the organic traffic, conversion and other digital engagement matrixes such as bounce rate, time on site, etc.

  To create an end-to-end digital ecosystem around the re-defined brand and golfers in the super-premium and premium-performance segments, the Company revamped and/or launched customer relationship management ("**CRM**") systems in multiple markets and added various e-commerce capabilities and consumer-facing custom tools thereon, to provide consumers with the ultimate 360-degree brand experience, to strengthen HONMA's direct-to-consumer communication and to eventually increase sales both online and offline.

- ***Focusing on club products that best represent Japanese traditional craftsmanship and innovative technology in pursuit of players in super-premium and premium-performance segments.*** HONMA remains committed to applying cutting-edge technologies and artisan-style Japanese craftsmanship to the design, development and manufacturing of a comprehensive range of exquisitely crafted and performance-driven golf clubs. HONMA applied several of its revolutionary proprietary technologies to the design and development of its new GS series, the second premium performance series under the TOUR WORLD club family, designed for avid golfers with a handicap of eight to twenty. GS was launched in January 2021. Following this and driven by deeper penetration into the premium performance segments, golf club sales grew by 23.9% during the six months ended 30 September 2021, reconfirming HONMA's strong brand equity and its ability to withstand economic challenges since HONMA went into the golf business in 1959.

- ***Accelerating growth in golf balls and relaunching apparel business to create a comprehensive range of golf products for golfers in the super-premium and premium-performance segments.*** Unlike its peers, HONMA continues to derive most of its revenue from the sale and distribution of golf clubs. For the six months ended 30 September 2021, golf clubs generated 73.4% of the Group's total revenue. Following continued and mid-double-digit growth in revenue from golf balls over the past six years, the Company further prioritized its product development resources and launched golf balls with its own patent in order to meet the HONMA brand positioning and play preferences of its consumers. Despite lingering negative impacts from the pandemic on the Group's retail activities, revenue from golf balls increased by 24.3% as compared to the six months ended 30 September 2020.

  In January 2019, HONMA re-launched its apparel collection in Japan and China. The apparel collection comprises of three lines catering to the distinctive requirements of golfers in Japan, China and Korea, both on-course and off-course. The six months period ended 30 September 2021 featured mostly the final drop of HONMA's 2021 Spring/Summer collection yet apparel sales grew by 151.3% during this period on the back of strong sales performance in China, Korea and Japan.

- ***Anchoring HONMA's growth strategies in North America and Europe while improving both markets' financial standing.*** The critical driver of HONMA North America's growth plan lies with a direct-to-consumer distribution model. For the six months ended 30 September 2021 and following gradual easing of government imposed social distancing rules, the Company re-opened 102 new points of sales ("**POS**") in North America. As at the end of September 2021, the Company had 336 retail locations in North America, ranging from A-level (500+ square feet with golf simulator), B-level (250+ square feet and feature wall), C-level (100+ square feet) and to D-level (1-2 display only) shop in shops.

  The Company continued to make investments into its e-commerce website to create another important brand touchpoint for consumers researching and searching for HONMA products, local retailers or fitting experience. Various digital marketing efforts have been implemented to drive website traffic and target potential shoppers through re-targeting efforts in social media and search engine marketing. For the six months ended 30 September 2021, the Company has seen site visits almost doubled and average order value climbed to more than one thousand U.S. dollar, which trend continued into September 2021 albeit negative impact from COVID-19. The strong performance is a good evidence of HONMA's brand building and consumer interest in the North American expansion. The Company is confident that this mobile strategy gives HONMA the best opportunity to establish a foothold in North America, grow brand awareness and loyalty, and drive high-margin revenue growth.

  In Europe, HONMA continued expanding its distribution network and opened 38 new POSs while closing one in the six months ended 30 September 2021, hence increasing its total POSs to 628 by 30 September 2021.

  During the six months ended 30 September 2021, revenue from North America and Europe grew by 40.7% and 29.2%, respectively.

- ***360-degree brand experience built into new retail space and environments.*** The Company retained a leading design and marketing agency to renovate its retail space in order to provide ultimate brand experience and customizable consumer journey in major markets. In the six months ended 30 September 2021, the Company opened two new stores in Japan and six in China, consistently applying the new retail visual identity, design concept and consumer experience elements using advanced technology. The Company also converted multiple shop-in-shops in the U.S., Japan and China using the same design concept in order to ultimately own its consumer space and experience in all of its major markets.

- ***Customer events.*** Customer events have always been key to the continued enhancement of HONMA's brand, product awareness and consumer mind share. During the six months ended 30 September 2021, HONMA hosted 2,008 customer days across its main markets, most of which were held on golf courses with dedicated fitters, up from 1,357 days from the same period last year.

- ***Sponsoring TEAM HONMA players.*** As at 30 September 2021, TEAM HONMA consisted of 15 professional golf players. In January 2021, HONMA stepped up its tour presence in Asia with the announcement of a brand new HONMA team consisting of six additional female players whom are considered rising stars by the golf industry. The announcement came right before Asian markets started its new season and attracted wide attention from younger golfers in super-premium and premium-performance segments. The Company will continue to scout and solicit additional and younger players in Asia with visible social media following to anchor brand redefinition and to better appeal to younger and avid golfers.

Product Design and Development

HONMA utilizes the latest innovative technologies and traditional Japanese craftsmanship to provide golfers across the globe with aesthetically beautiful, technology-based and performance-driven golf clubs. The Group uses cutting-edge proprietary technology to design and manufacture golf clubs primarily for consumers in the super-premium and premium-performance segments who want to hit effortless shots and drive the golf balls further.

HONMA currently offers golf clubs under two major product families: BERES and TOUR WORLD, each targeting specific consumer segments. The Group leverages its innovative research methods and development capabilities to manage the product life cycle to continually generate customer interest, ensure product offerings remain up to date with the latest market trends and meet the preferences of target customers.

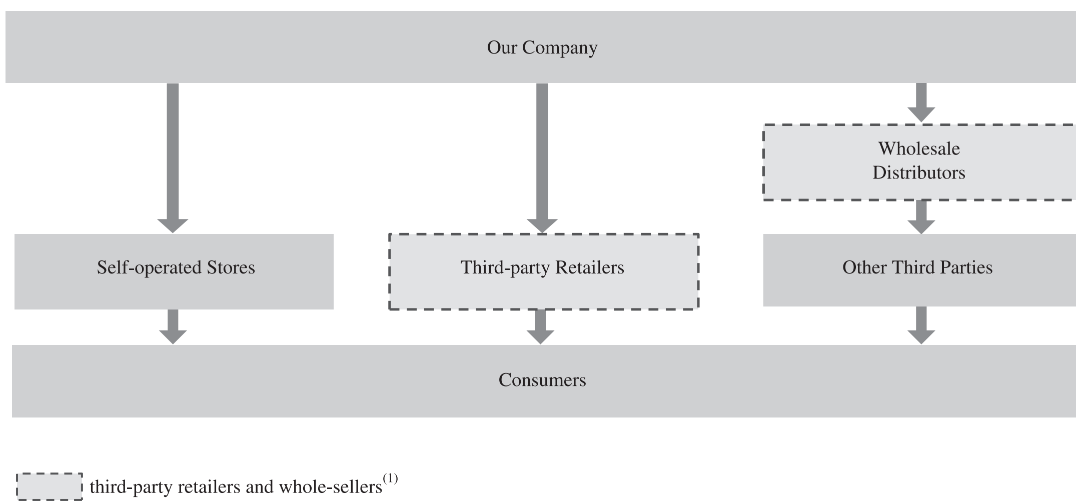
Based on extensive market research, HONMA categorises the market into nine key segments according to the importance golfers place on price, design and performance, which are correlated with their respective levels of affluence and enthusiasm towards golf, as illustrated in the chart below:

1 High Price Low Enthusiasm	**Design & Price**	2 High Price Middle Enthusiasm	**Primarily Design**	3 High Price High Enthusiasm	**Design & Performance**
4 Middle Price Low Enthusiasm	**Performance & Price**	5 Middle Price Middle Enthusiasm	**Performance & Design**	6 Middle Price High Enthusiasm	**Primarily Performance**
7 Low Price Low Enthusiasm	**Primarily Price**	8 Low Price Middle Enthusiasm	**Price & Design**	9 Low Price High Enthusiasm	**Price & Performance**

BERES golf clubs target consumers in Segment 2 or the so-called Super Premium Segment, which is the Company's traditional customer base and comprises affluent consumers willing to pay a premium price for golf clubs that offer excellent performance yet distinctively different from other golf clubs. TOUR WORLD golf clubs was first launched in 2011, target consumers in Segment 6 or the so-called Premium Performance Segment, which comprises golf enthusiasts who place a higher emphasis on performance. In the 2019 financial year, HONMA made the decision to enrich its TOUR WORLD club family to include a performance enhancement series hence creating stronger focus on the younger and avid golfers.

Sales and Distribution Network

The Company's sales and distribution network consists of HONMA-branded self-operated stores as well as third-party distributors which included retailers and wholesalers. The following diagram illustrates the structure of the Group's sales and distribution network:



Note:

(1) The Group's distributors consist of (a) third-party retailers and (b) wholesale distributors that on-sell the Group's products to other third parties.

HONMA operates the largest number of self-operated stores among major golf companies. Self-operated stores provide consumers with a 360-degree experience with the HONMA brand and its products. As at 30 September 2021, the Group had 77 HONMA-branded self-operated stores, all of which were located in Asia. The Group aims to continuously upgrade the design, visual display and consumer experience of its self-operated stores to project one consistent brand image and consumer experience. The table below sets forth the number of self-operated stores opened and closed during the six months ended 30 September 2021:

	For the six months ended 30 September 2021			
	Period start	Opened	Closed	Period end
Japan	31	–	2	29
China (including Hong Kong and Macau)	35	4	7	32
U.S.	2	–	2	–
Rest of Asia	12	4	–	16
Total	80	8	11	77

To better serve avid golf enthusiasts, certain HONMA-branded self-operated stores offer fitting centers equipped with high-speed cameras and launch monitors to capture players' swing data. As at 30 September 2021, the Group had five fitting centers, including two in Japan, two in China and one in Korea.

As at 30 September 2021, the Group had approximately 4,117 POSs, representing an increase of 182 POSs compared to 31 March 2021. The Group's POSs consist of (a) POS of third-party retailers ("**Retailers**") and (b) POS of wholesale distributors ("**Wholesale Distributors**") that on-sell the Group's products to other third parties and consumers. Retailers include, among others, sports megastores, which are large retailers of sports goods. As at 30 September 2021, the Group's products were sold at 1,546 POSs of sports megastores.

In Japan, the Group mainly sells products to Retailers, including nation-wide sports chain stores such as Golf 5 and Xebio. Outside Japan, the Group sells products to both Retailers and Wholesale Distributors.

The Group manages its sales and distribution network on a country-by-country basis to cater for each country's specific retail landscape and consumer demographics. The makeup of its sales and distribution network varies across regions depending on local retail landscape and its go-to-market strategy in that particular region, reflecting on the purchase behaviour of target consumers. To optimise its sales and distribution network, the Group is constantly evaluating its existing channels and exploring new channels.

Updating E-commerce Capabilities and Creating One Digital Ecosystem

The Group completely rebuilt its website and relaunched its social media platforms in various countries in January 2019. These efforts aimed to create one consistent and vibrant communication platform and brand image across all markets. The rapid expansion of digital communications generated a month-on-month double-digit growth in the organic traffic, conversion and other digital brand engagement matrixes such as bounce rate, time on site, etc.

The Company also revamped its CRM systems in key markets such as Japan, China and the U.S., and upgraded its e-commerce capabilities to provide consumers with the ultimate 360-degree brand experience and to eventually increase online sales.

Manufacturing Processes

HONMA utilizes the latest innovative technologies and traditional Japanese craftsmanship to provide golfers across the globe with aesthetically beautiful and high-tech performance-driven golf clubs. The Company is the only major golf products company that utilizes professional handcrafted techniques together with significant in-house manufacturing capabilities. The Group conducts all key manufacturing processes for golf clubs at its campus located in Sakata, Yamagata prefecture of Japan (the "**Sakata Campus**"), while outsourcing non-core processes to its well-respected suppliers. This combination of in-house and outsourced manufacturing processes enables the Group to control core technical know-how and intellectual property and ensure the quality of products while controlling production costs.

Located on an approximately 163,000 square metre parcel of land, the Sakata Campus is staffed with 218 craftsmen, 21 of whom are master craftsmen with approximately 36 years of experience on average. The craftsmen's dedication to product quality enables the Group to maintain the iconic and premium status of the HONMA brand. The Group continually invests in Sakata Campus to improve its manufacturing processes in order to raise its annual manufacturing capability.

Employees

As at 30 September 2021, the Group had 737 employees worldwide, a majority of whom were based in Japan.

To ensure the long-term future of HONMA, the Group hires people who identify with its core values and the Group helps its employees grow by offering on job training and career progressions within HONMA. For sales personnel in self-operated stores, the Group offers a number of training programs, including an internal golf club fitter certification program. Moreover, the Group has implemented a rigorous apprenticeship program at the Sakata Campus which was instrumental to the retention and continued nurturing of craftsmen in Sakata.

The Group offers competitive remuneration packages, including, among others, salaries, performance-based cash bonus and share-based compensation. The Group reviews its remuneration scheme regularly to ensure its consistency with market practice. Employee benefit expenses amounted to JPY2,312.4 million for the six months ended 30 September 2021.

The Group adopted its restricted share unit ("**RSU**") scheme in October 2015 to incentivize its directors, management and eligible employees.

Brand Marketing

Since 1959, HONMA has remained true to the traditional methods used by Japanese craftsmen to make the finest golf clubs in the world. To fully capture HONMA's unique opportunities in super-premium and premium-performance consumer segments, the Group has started a series of actions that will help re-define and transform the HONMA brand in an age of technological innovation while maintaining its traditions.

The brand perception of luxury and super-rich Asians is strongly rooted in consumer sentiment, and extensive marketing efforts have been designed to evolve and expand this perception towards premium performance focus, rooted in HONMA's unique craftsmanship and superior technology. The launch of GS series, the second premium performance series under the TOUR WORLD club family, have generated great media buzz and consumer purchase intent for HONMA.

Outlook

Business Outlook

The current financial year continued presenting challenging operating environment and uncertainties for HONMA. As COVID-19 related regulatory restrictions began to ease from Asia to Europe and North America, the Company expects to experience pent-up demand to visibly drive up golf participation by new and returning golfers and an uptick in new orders from both end consumers and retailers.

For the years ahead, the Group will continue executing its long-term growth strategy to build a world-leading golf lifestyle company leveraging HONMA's brand legacy, its expanding distribution network and innovative technologies and traditional Japanese craftsmanship. In the face of uncertainties posed by the COVID-19 pandemic, the Company will continue to take active actions to reduce cost, maximize liquidity and protect its employees' health.

The Group intends to continue pursuing the following:

- ***Improve and transform HONMA brand value into customer loyalty.*** Multiple branding and marketing strategies have been executed to highlight HONMA's brand heritage and its core brand values of premium craftsmanship and performance to fully capture HONMA's unique opportunities to lead in both super-premium and premium-performance segments. Since a key part of the Group's future growth strategy lies with continuous enhancement of brand awareness and loyalty, HONMA plans to continue upgrading its offline and online retail experiences based on the updated HONMA brand image, retail and visual guidelines. In Asia, HONMA opened its first brand experience store in downtown Tokyo, Japan in July 2019 to present HONMA's new brand experience and customizable consumer journey to consumers in HONMA's home markets, followed by similar store openings in China, Korea, Taiwan, the U.S. and Europe. All these stores will form the centrepiece of HONMA's new consumer touchpoints and will act as the hub to generate traffic to HONMA's extensive shop-in-shop at third-party retailers, golf courses and its online e-commerce platforms.

- ***Further increase the Group's market share in home markets by maintaining its leading position in the super-premium segment while making solid inroads into the fast growing premium-performance segment.*** Increasing market share in HONMA's home markets, namely Japan, Korea and China will continue to be a key part of the Group's future growth strategy. While the Group already has a strong presence in its home markets of Japan, Korea and China, it believes that there is still significant room to increase its market shares in these markets, especially in the premium-performance segments. The Group intends to achieve this by enriching its TOUR WORLD family to include a performance enhancement product while leveraging HONMA's improved international tour presence. The Group will continuously foster stronger partnerships with its retail partners while intensifying investments in sales point product promotions that are relevant to these consumer segments.

- ***Pivoting growth in North America based on the updated product and its distribution strategy.*** North America accounts for more than half of the global golf market. During the six months ended 30 September 2021, HONMA continued implementing unique direct-to-consumer distribution strategy, and now possess 79 retail POSs with elevated retail presence and eight mobile vans that are capable of performing fitting events at major golf courses in North America. The said direct-to-consumer distribution network will overlay with HONMA's existing wholesales points of sale and digital platform to allow HONMA to quickly increase its brand and product awareness while owning the entire consumer experience and purchase journey.

  Furthermore, the decision to differentiate the TOUR WORLD product offering between tour inspired better players and golfers who look for performance enhancements will greatly support HONMA's growth strategy in North America, which market has continued to rebound with the number of golfers increasingly skewed towards premium-performance products. The new GS series, the second premium performance series under the TOUR WORLD club family, designed for avid golfers with a handicap of eight to twenty, was launched in January 2021, which is expected to be a key growth enabler for North America's future sales growth.

- ***Nurturing complementary non-club product lines to provide customers with a complete golf lifestyle experience.*** In January 2018, HONMA announced the formation of a strategic partnership with Itochu Corporation, a leading Japanese textile and trading company to expand its apparel business, leveraging Itochu's rich industry networks and know-how while promoting HONMA as a "golf lifestyle brand". Since then, HONMA has already launched four apparel collections, targeting avid and pan golfers in Japan, China and Korea. To support this growth initiative, the Group has built dedicated apparel design and sales teams in all three markets and created a network of quality and long-term suppliers as well as retail footprint.

- ***Continue product innovation and development to cater for latest market trends.*** The Group devotes significant resources to new product development to ensure that its product offerings remain up to date with the latest market trends. The Group's research and development expenses amounted to JPY139.6 million and JPY96.7 million for the six months ended 30 September 2020 and 2021, respectively. The Group has also created a product development hub in North America, to complement its product development capabilities which used to concentrate at the Sakata Campus. The extended research and development team of HONMA thrives to incorporate innovations in ergonomics and material sciences in its designs and collaborates closely with professional golf players to optimize product performance.

Industry Outlook

The golf industry will continue to face multiple challenges in the six months ending 31 March 2022 as the Group has seen since the outbreak of this global health pandemic. These challenges include uncertain pandemic situations, increased supply chain challenges under inflation pressure and recovery pace of global golf industry. Looking back, the golf industry has however started to experience encouraging recoveries, while a good majority of the golf courses in Asia, the U.S. and Europe re-opened for play and golfers increased participation.

These developments have contributed to the Group's revenue increase for the six months ended 30 September 2021 across all major markets. The Company does expect the overall golf industry to gradually adapt itself and rebound to the new norm as well as to continue showing positive rebound in participation and purchase interest.

The Group also believes that the six months ending 31 March 2022 will be a crucial period for it to execute its growth strategies amidst global health challenge. The Group is confident in its ability to mitigate the adverse impacts of the COVID-19 pandemic and will seize every possible opportunity to preserve cash, to optimize its organizational set up in order to foster a solid foundation for the mid- and long-term development with respect to its brand, products, distribution channel, employees and supply chain. The Group endeavours to promote the sustainable development and strives to create the long-term value for all of its shareholders.

The Group will stay alert on the developments of external challenges including COVID-19, continue to review its existing business strategies from time to time and take necessary action to mitigate business risks while safeguarding the health and safety of its employees and teams.

FINANCIAL REVIEW

The following table is a summary of the Group's consolidated statement of profit or loss with line items in absolute amounts and as percentages of the Group's total revenue for the periods indicated, together with the change (expressed in percentages) from the six months ended 30 September 2020 to the six months ended 30 September 2021:

	Six months ended 30 September				Period-to-period change
	2021		2020		
	JPY	*%*	*JPY*	*%*	*%*
	(In thousands, except for percentages and per share data)				
Consolidated statement of profit or loss (unaudited)					
Revenue	**11,871,947**	**100.0**	9,052,973	100.0	31.1
Cost of sales	**(5,310,098)**	**(44.7)**	(4,418,599)	(48.8)	20.2
Gross profit	**6,561,849**	**55.3**	4,634,374	51.2	41.6
Other income and gains	**203,763**	**1.7**	362,048	4.0	(43.7)
Selling and distribution expenses	**(4,301,589)**	**(36.2)**	(4,319,244)	(47.7)	(0.4)
Administrative expenses	**(630,604)**	**(5.3)**	(832,987)	(9.2)	(24.3)
Other expenses, net	**(47,588)**	**(0.4)**	(244,568)	(2.7)	(80.5)
Finance costs	**(45,365)**	**(0.4)**	(39,108)	(0.4)	16.0
Finance income	**6,029**	**0.1**	8,109	0.1	(25.7)
Profit/(loss) before tax	**1,746,495**	**14.7**	(431,376)	(4.8)	504.9
Income tax expense	**(398,144)**	**(3.4)**	(372,149)	(4.1)	7.0
Net profit/(loss)	**1,348,351**	**11.4**	(803,525)	(8.9)	N/A
Profit/(loss) per share attributable to ordinary equity holders of the parent:					
Basic and diluted					
– For profit/(loss) for the period (JPY)	**2.23**		(1.33)		N/A
Non-IFRS financial measure					
Adjusted SG&A[1]	**(4,932,193)**	**(41.5)**	(5,152,231)	(56.9)	(4.3)
Operating profit/(loss)[2]	**1,590,320**	**13.4**	(548,856)	(6.1)	N/A
Net operating profit/(loss)[3]	**1,194,550**	**10.1**	(850,219)	(9.4)	N/A

Notes:

(1) Adjusted SG&A is derived from the sum of (i) selling and distribution expenses and (ii) administrative expenses by subtracting RSU expenses in relation to sales and marketing staff and administrative staff. For a reconciliation of adjusted SG&A to the sum of (i) selling and distribution expenses and (ii) administrative expenses, see "Management Discussion and Analysis – Financial Review – Non-IFRS Financial Measures – Adjusted SG&A".

(2) Operating profit/(loss) is derived from profit/(loss) before tax by (i) subtracting other income and gains, (ii) adding other expenses and (iii) adding RSU expenses. For a reconciliation of operating profit/(loss) to profit/(loss) before tax, see "Management Discussion and Analysis – Financial Review – Non-IFRS Financial Measures – Operating Profit/(Loss)".

(3) Net operating profit/(loss) is derived from net profit/(loss) by (i) subtracting other income and gains, (ii) adding other expenses, (iii) adding RSU expenses and (iv) adding impact on tax related to items (i) and (ii) above. For a reconciliation of net operating profit/(loss) to net profit/(loss), see "Management Discussion and Analysis – Financial Review – Non-IFRS Financial Measures – Net Operating Profit/(Loss)".

Revenue

The Group's total revenue increased by 31.1% from JPY9,053.0 million for the six months ended 30 September 2020 to JPY11,872.0 million for the six months ended 30 September 2021.

Constant Currency Revenue

On a constant currency basis, the Group's total revenue increased by 26.7% from the six months ended 30 September 2020 to the six months ended 30 September 2021. For the purpose of calculating constant currency revenue, the Group has used the average exchange rate of the six months ended 30 September 2020 to translate sales recorded during the six months ended 30 September 2021, to the extent that the original currency for such sales is not in Japanese yen.

Constant currency revenue is used to supplement measures that were prepared in accordance with IFRS. It is however not a measure of financial performance under IFRS and should not be considered as an alternative to measures presented in accordance with IFRS.

Revenue by Product Groups

The Group offers customers a complete golf lifestyle experience through an extensive portfolio of HONMA-branded golf clubs, golf balls, bags, apparels and other accessories. The following table shows the revenue by product groups in absolute amounts and as percentages of the Group's total revenue for the periods indicated:

	For the six months ended 30 September				**Period-to-period change**	
	2021		2020		**on as reported basis**	**on constant currency basis[1]**
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Golf clubs	**8,719,383**	**73.4**	7,039,637	77.8	23.9	19.8
Golf balls	**1,153,704**	**9.7**	928,158	10.3	24.3	22.3
Apparels	**1,259,273**	**10.6**	501,060	5.5	151.3	136.6
Accessories and other related[2]	**739,587**	**6.2**	584,118	6.5	26.6	22.1
Total	**11,871,947**	**100.0**	9,052,973	100.0	31.1	26.7

Notes:

(1) For further information, see "- Constant Currency Revenue".

(2) Include golf bags, golf club head covers, footwear, gloves, headwear and other golf-related accessories.

During the six months ended 30 September 2021, revenue from all product categories showed double if not triple digit growth across the board. Revenue for apparels increased by 151.3% from JPY501.1 million for the six months ended 30 September 2020 to JPY1,259.3 million for the six months ended 30 September 2021. On a constant currency basis, revenue for apparels increased by 136.6% during the same period. Such increase was primarily due to continued investment in product development and optimisation of merchandising planning and retail operations.

Revenue from golf clubs still accounted for 73.4% of the Group's revenue and increased by 23.9% to reach JPY8,719.4 million for the six months ended 30 September 2021. On a constant currency basis, revenue for golf clubs increased by 19.8% as compared to the same period last year.

Revenue from golf balls increased by 24.3%, up from JPY928.2 million for the six months ended 30 September 2020 to JPY1,153.7 million for the six months ended 30 September 2021. On a constant currency basis, revenue from golf balls increased by 22.3% as compared to the same period last year.

Revenue from accessories and other related products increased by 26.6% to JPY739.6 million for the six months ended 30 September 2021. On a constant currency basis, revenue from accessories and other related products increased by 22.1% as compared to the same period last year.

The steady revenue increases in golf clubs, golf balls, apparel as well as accessories and other related products were primarily driven by continued product development efforts as well as deeper market penetration in HONMA's home markets, namely Japan, Korea and China.

Revenue by Geography

The Group's products are sold in approximately 50 countries worldwide, primarily in Asia and also across North America, Europe and other regions. The following table sets forth revenue from regions by absolute amounts and as percentages of total revenue for the periods indicated:

	For the six months ended 30 September				Period-to-period change	
	2021		2020		**on as reported basis**	**on constant currency basis[1]**
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Japan	**3,821,601**	**32.2**	1,855,759	20.5	105.9	105.9
Korea	**2,149,780**	**18.1**	3,115,910	34.4	(31.0)	(31.0)
China (including Hong Kong and Macau)	**3,624,678**	**30.5**	2,353,412	26.0	54.0	39.4
North America	**429,508**	**3.6**	305,182	3.4	40.7	35.4
Europe	**529,565**	**4.5**	409,994	4.5	29.2	24.0
Rest of the World	**1,316,815**	**11.1**	1,012,716	11.2	30.0	27.6
Total	**11,871,947**	**100.0**	9,052,973	100.0	31.1	26.7

Note:

(1) For further information, see "- Constant Currency Revenue".

During the six months ended 30 September 2021, most of the Group's markets reported record sales growth versus same period last year. Revenue from Japan, China, North America, Europe and Rest of the World rose robustly by 105.9%, 54.0%, 40.7%, 29.2% and 30.0%, respectively, on the back of a strong rebound of consumer demand, continued marketing activities to drive HONMA brand awareness and successful activation of various HONMA products.

Revenue from Japan recorded a robust growth of 105.9% from JPY1,855.8 million for the six months ended 30 September 2020 to JPY3,821.6 million for the six months ended 30 September 2021.

Revenue from China (including Hong Kong and Macau) rose by 54.0% from JPY2,353.4 million for the six months ended 30 September 2020 to JPY3,624.7 million for the six months ended 30 September 2021. On a constant currency basis, revenue from China (including Hong Kong and Macau) went up by 39.4% during the same period.

Revenue from North America and Europe increased by 40.7% and 29.2% from JPY305.2 million and JPY410.0 million for the six months ended 30 September 2020 to JPY429.5 million and JPY529.6 million for the six months ended 30 September 2021, respectively. On a constant currency basis, revenue from North America and Europe increased by 35.4% and 24.0%.

On the other hand, revenue from Korea declined by 31.0% from JPY3,115.9 million for the six months ended 30 September 2020 to JPY2,149.8 million for the six months ended 30 September 2021. On a constant currency basis, revenue from Korea declined by 31.0%. Such decline was caused by extended and in some parts, worsening impact from supply chain constraint.

Revenue from the Group's home markets, namely Japan, Korea and China (including Hong Kong and Macau) accounted for 80.8% of the Group's total revenue for the six months ended 30 September 2021.

Revenue by Sales and Distribution Channels

The Group has an extensive sales and distribution network that allows the Group to address a broad customer base in its target markets. The Group's sales and distribution network consists of HONMA-branded self-operated stores as well as POSs owned and managed by third-party retailers and wholesalers. The Group's third-party retailer and wholesaler partners include (a) Retailers, including various national and regional sports megastores, and (b) Wholesale Distributors that on-sell the Group's products to other third-party retailers and consumers. The following table sets forth revenue for self-operated stores and POSs in absolute amounts and as percentages of total revenue for the periods indicated:

	For the six months ended 30 September				**Period-to-period change**	
	2021		2020		**on as reported basis**	**on constant currency basis**[(1)]
	JPY	*%*	*JPY*	*%*	*%*	*%*
	(In thousands, except for percentages)					
Self-operated stores	**3,516,080**	**29.6**	2,611,905	28.9	34.6	28.5
Third-party retailers and wholesalers	**8,355,867**	**70.4**	6,441,068	71.1	29.7	25.9
Total	**11,871,947**	**100.0**	9,052,973	100.0	31.1	26.7

Note:

(1) For further information, see "- Constant Currency Revenue".

Revenue from self-operated stores increased by 34.6% from JPY2,611.9 million for the six months ended 30 September 2020 to JPY3,516.1 million for the six months ended 30 September 2021. On a constant currency basis, revenue from self-operated stores increased by 28.5% during the same period. Such increase was primarily due to renewed product offering and continued optimization of HONMA's retail operation.

Revenue from sales to third-party retailers and wholesalers increased by 29.7% from JPY6,441.1 million for the six months ended 30 September 2020 to JPY8,355.9 million for the six months ended 30 September 2021. On a constant currency basis, revenue from third-party retailers and wholesalers increased by 25.9% during the same period thanks to pent-up demand. Sales to the Group's retail partners in Japan grew by 265.3% as most retailers recovered from extended and lingered business closure during COVID-19 pandemic.

Cost of Sales

Cost of sales increased by 20.2% from JPY4,418.6 million for the six months ended 30 September 2020 to JPY5,310.1 million for the six months ended 30 September 2021. The table below sets forth a breakdown of the key components of cost of sales, each expressed in absolute amounts and as percentages of the total cost of sales during the periods indicated:

	For the six months ended 30 September			
	2021		2020	
	JPY	***%***	*JPY*	*%*
	(In thousands, except for percentages)			
Raw materials	**2,842,287**	**53.5**	2,517,978	57.0
Employee benefits	**472,109**	**8.9**	497,560	11.3
Manufacturing overhead[1]	**176,903**	**3.3**	274,261	6.2
Finished goods purchased from suppliers	**1,818,799**	**34.3**	1,128,800	25.5
Total	**5,310,098**	**100.0**	4,418,599	100.0

Note:

(1) Includes depreciation and amortisation of property, plant and equipment, other manufacturing overhead and cost of services rendered.

Gross Profit and Gross Profit Margin

Gross profit increased by 41.6% from JPY4,634.4 million for the six months ended 30 September 2020 to JPY6,561.8 million for the six months ended 30 September 2021. Gross profit margin increased from 51.2% for the six months ended 30 September 2020 to 55.3% for the six months ended 30 September 2021, thanks to continued price management which resulted in a visible improvement in the gross profit margins of the Group's club products.

Gross Profit and Gross Profit Margin by Product Groups

The following table sets forth a breakdown of gross profit and gross profit margin by product groups for the periods indicated:

	For the six months ended 30 September			
	2021		2020	
	JPY	*%*	*JPY*	*%*
	(In thousands, except for percentages)			
Golf clubs	**5,075,659**	**58.2**	3,580,343	50.9
Golf balls	**508,083**	**44.0**	453,854	48.9
Apparels	**675,735**	**53.7**	348,869	69.6
Accessories and other related[1]	**302,372**	**40.9**	251,308	43.0
Total	**6,561,849**	**55.3**	4,634,374	51.2

Note:

(1) Include golf bags, golf club head covers, footwear, gloves, headwear and other golf-related accessories.

Gross profit for golf clubs increased by 41.8% from JPY3,580.3 million for the six months ended 30 September 2020 to JPY5,075.7 million for the six months ended 30 September 2021. Gross profit margin for golf clubs increased from 50.9% for the six months ended 30 September 2020 to 58.2% for the six months ended 30 September 2021, primarily due to continued price management and manufacturing cost optimization.

Gross profit for golf balls increased by 11.9% from JPY453.9 million for the six months ended 30 September 2020 to JPY508.1 million for the six months ended 30 September 2021. Gross profit margin for golf balls decreased from 48.9% for the six months ended 30 September 2020 to 44.0% for the six months ended 30 September 2021, primarily due to raw material cost pressure and increased marketing campaign where balls were used as seeding materials.

Gross profit for apparels increased by 93.7% from JPY348.9 million for the six months ended 30 September 2020 to JPY675.7 million for the six months ended 30 September 2021. Gross profit margin for apparels decreased from 69.6% for the six months ended 30 September 2020 to 53.7% for the six months ended 30 September 2021, primarily due to inventory provision policy alignment and clearance of 2020 inventories.

Gross profit for accessories and other related products increased by 20.3% from JPY251.3 million for the six months ended 30 September 2020 to JPY302.4 million for the six months ended 30 September 2021. Gross profit margin for accessories and other related products decreased from 43.0% for the six months ended 30 September 2020 to 40.9% for the six months ended 30 September 2021, primarily due to extreme purchase cost pressure amidst supply chain constraints.

Other Income and Gains

Other income and gains decreased from JPY362.0 million for the six months ended 30 September 2020 to JPY203.8 million for the six months ended 30 September 2021 as last year we recorded a one-off reversal of HONMA's marketing expenses incurred in the prior years.

Selling and Distribution Expenses

Selling and distribution expenses remained relatively stable at JPY4,301.6 million for the six months ended 30 September 2021 as compared to JPY4,319.2 million for the six months ended 30 September 2020. Selling and distribution expenses as a percentage of revenue decreased from 47.7% for the six months ended 30 September 2020 to 36.2% for the six months ended 30 September 2021, primarily due to economies of scale from the Group's robust sales expansion. The following table sets forth a breakdown of selling and distribution expenses by absolute amounts and percentages of total selling and distribution expenses for the periods indicated:

	For the six months ended 30 September			
	2021		2020	
	JPY	***%***	*JPY*	*%*
	(In thousands, except for percentages)			
Employee benefits	**1,578,327**	**36.7**	1,582,985	36.6
Advertising and promotion expenses	**953,954**	**22.2**	1,176,895	27.2
Depreciation of right-of-use assets	**471,905**	**10.9**	450,383	10.4
Rental fees	**183,972**	**4.3**	188,628	4.4
Others(1)	**1,113,431**	**25.9**	920,353	21.4
Total	**4,301,589**	**100.0**	4,319,244	100.0

Note:

(1) Include distribution costs, depreciation and amortisation of certain tangible and intangible assets, travel expenses, consumables and other expenses.

Administrative Expenses

Administrative expenses decreased by 24.3% from JPY833.0 million for the six months ended 30 September 2020 to JPY630.6 million for the six months ended 30 September 2021, primarily due to a visible decrease in bad debt provision.

Other Expenses, Net

Other expenses decreased by 80.5% from JPY244.6 million for the six months ended 30 September 2020 to JPY47.6 million for the six months ended 30 September 2021, primarily due to absent major foreign exchange losses and restructuring expenses.

Finance Costs

Finance costs increased by JPY6.3 million from JPY39.1 million for the six months ended 30 September 2020 to JPY45.4 million for the six months ended 30 September 2021, primarily due to an increase in interest on banking borrowings.

Finance Income

Finance income decreased from JPY8.1 million for the six months ended 30 September 2020 to JPY6.0 million for the six months ended 30 September 2021, primarily due to minor movements in Company's cash balance.

Profit Before Tax

As a result of the foregoing, profit before tax for the six months ended 30 September 2021 was JPY1,746.5 million.

Income Tax Expense

Income tax expense increased by 7.0% from JPY372.1 million for the six months ended 30 September 2020 to JPY398.1 million for the six months ended 30 September 2021. The Group's effective tax rate decreased from 86.3% for the six months ended 30 September 2020 to 22.8% for the six months ended 30 September 2021.

Net Profit/(Loss)

As a result of the foregoing, the Group recorded net profit of JPY1,348.4 million for the six months ended 30 September 2021 as compared to net loss of JPY803.5 million for the six months ended 30 September 2020.

Non-IFRS Financial Measures

In addition to the IFRS measures in its consolidated financial statements, the Group also uses the non-IFRS financial measures of adjusted SG&A, operating profit/(loss) and net operating profit/(loss) to evaluate its operating performance. The Group believes that such non-IFRS measures provide useful information to investors in understanding and evaluating its consolidated results of operations in the same manner as its management and in comparing financial results across accounting periods on a like-for-like basis.

The use of adjusted SG&A, operating profit/(loss) and net operating profit/(loss) has material limitations as analytical tools, as adjusted SG&A does not include all items that have impacted selling and distribution expenses and administrative expenses, the nearest IFRS expense measures, operating profit/(loss) does not include all items that have impacted profit/(loss) before tax, the nearest IFRS performance measure, and net operating profit/(loss) does not include all items that have impacted net profit/(loss), the nearest IFRS performance measure.

Adjusted SG&A

The Group derives adjusted SG&A from the sum of (i) selling and distribution expenses and (ii) administrative expenses. The following table reconciles adjusted SG&A to the sum of (i) selling and distribution expenses and (ii) administrative expenses for the periods indicated:

	For the six months ended 30 September	
	2021	2020
	(In JPY thousands)	
Selling and distribution expenses	**4,301,589**	4,319,244
Administrative expenses	**630,604**	832,987
Adjusted SG&A	**4,932,193**	5,152,231

Operating Profit/(Loss)

The Group derives operating profit/(loss) from profit/(loss) before tax by (i) subtracting other income and gains and (ii) adding other expenses. Operating profit/(loss) eliminates the effect of other income and gains and other expenses, which are primarily related to non-recurring events. The following table reconciles operating profit/(loss) to profit/(loss) before tax for the periods indicated:

	For the six months ended 30 September	
	2021	2020
	(In JPY thousands)	
Profit/(loss) before tax	**1,746,495**	(431,376)
Adjustment for:		
Other income and gains	**(203,763)**	(362,048)
Other expenses	**47,588**	244,568
Operating profit/(loss)	**1,590,320**	(548,856)

Net Operating Profit/(Loss)

The Group derives net operating profit/(loss) from net profit/(loss) by (i) subtracting other income and gains, (ii) adding other expenses, and (iii) adding impact on tax related to items (i) and (ii) above. Net operating profit/(loss) eliminates the effect of other income and gains and other expenses, which are primarily related to non-recurring events. The following table reconciles net operating profit/(loss) to net profit/(loss) for the periods indicated:

	For the six months ended 30 September	
	2021	2020
	(In JPY thousands)	
Net profit/(loss)	**1,348,351**	(803,525)
Adjustment for:		
Other income and gains	**(203,763)**	(362,048)
Other expenses	**47,588**	244,568
Impact on tax	**2,374**	70,786
Net operating profit/(loss)	**1,194,550**	(850,219)

Working Capital Management

	For the twelve months ended	
	30 September 2021	31 March 2021
Inventories turnover days[(1)]	**317**	314
Trade and bills receivables turnover days[(2)]	**68**	112
Trade and bills payables turnover days[(3)]	**64**	69

Notes:

(1) Inventories turnover days are calculated using the average of opening balance and closing balance of inventories for a twelve-month period divided by cost of sales for the relevant twelve-month period and multiplied by 365 days.

(2) Trade and bills receivables turnover days are calculated using the average of opening balance and closing balance of trade and bills receivables for a twelve-month period divided by revenue for the relevant twelve-month period and multiplied by 365 days.

(3) Trade and bills payables turnover days are calculated using the average of opening balance and closing balance of trade and bills payables for a twelve-month period divided by cost of sales for the relevant twelve-month period and multiplied by 365 days.

Inventories turnover days remained relatively stable at 317 days for the twelve months ended 30 September 2021 as compared to 314 days for the twelve months ended 31 March 2021. During the same period, trade and bills receivables turnovers days decreased by 44 days, primarily due to strengthened collection efforts post COVID-19. On the other hand, trade and bills payables turnover days remained relatively stable at 64 days for the twelve months ended 30 September 2021 as compared to 69 days for the twelve months ended 31 March 2021.

Inventories

The following table sets forth the balance of the Group's inventories as at the dates indicated:

	As at 30 September 2021	As at 31 March 2021
	(In JPY thousands)	
Raw materials	**2,951,065**	2,375,810
Work in progress	**1,565,794**	1,421,394
Finished goods	**7,987,356**	7,060,058
Less: provision	**(1,398,592)**	(1,033,923)
Total	**11,105,623**	9,823,339

The following table sets forth aging analysis of the Group's inventories as at the dates indicated:

	As at 30 September 2021	As at 31 March 2021
	(In JPY thousands)	
Within 1 year	**3,506,349**	4,474,564
1 year to 2 years	**3,319,691**	3,400,240
2 to 3 years	**3,066,723**	901,664
3 to 4 years	**574,777**	678,960
Over 4 years	**638,083**	367,911
Total	**11,105,623**	9,823,339

The Group prepares its inventory aging analysis with reference to product launch date, instead of capitalisation date. For example, inventories reported as aged between two to three years in the table above represent inventories relating to products that were launched two to three years before the relevant balance sheet date. Such inventories may have been produced and/or procured and hence capitalised more recently than as shown in the said aging analysis.

The Group adopted this approach of inventory aging analysis because it allows the Group to implement a more effective inventory management process relative to each product's life cycle. The Group typically launches new club, ball and accessory products every 24 months and carries its previous older generation for another 12 months.

Liquidity and Capital Resources

During the six months ended 30 September 2021, the Group financed its operations primarily through cash from operations, net proceeds received from the global offering and proceeds from bank loans. The Group intends to finance its expansion and business operations by internal resources and through organic and sustainable growth, bank borrowings, as well as the net proceeds received from the global offering.

As at 30 September 2021, the Group had JPY12,967.0 million in cash and cash equivalents, which were primarily held in U.S. dollar, Japanese yen and Renminbi. The Group's cash and cash equivalents primarily consist of cash on hand and demand deposits.

A substantial portion of the Group's operation is based in Japan, and a substantial portion of the Group's revenue and expenditures are denominated and settled in Japanese yen. As a result, the Group's currency risk is limited, and the Group did not use any derivative contracts to hedge against such risk as at 30 September 2021.

Indebtedness

As at 30 September 2021, the Group's interest-bearing bank borrowings amounted to JPY6,900.0 million, mainly of which were denominated in Japanese yen and carry interest at variable rates. All of such borrowings were unsecured and payable within one year. The effective interest rate for the balance of the Group's interest-bearing bank borrowings as at 30 September 2021 ranged from 0.33% to 0.54%.

Gearing Ratio

The Group's gearing ratio is calculated by dividing (i) the sum of interest-bearing bank borrowings and lease liabilities by (ii) total equity. As at 30 September 2021, the Group's gearing ratio was 41.4 % (As at 31 March 2021, the Group's gearing ratio was 49.4%).

Capital Expenditures

The Group's capital expenditures for the six months ended 30 September 2021 amounted to JPY100.2 million, which was used primarily to purchase plant machinery and equipment, office equipment and leasehold improvement. In the six months ended 30 September 2021, the Group financed its capital expenditures primarily with cash generated from operations.

Contingent Liabilities

As at 30 September 2021, the Group did not have any significant contingent liabilities.

Funding and Treasury Policy

The Group adopts a stable, conservative approach on its funding and treasury policy, aiming to maintain an optimal financial position, the most economical finance costs, and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.

Charge on Assets

There was no charge on the Group's assets as at 30 September 2021.

Material Acquisitions and Future Plans for Major Investment

During the six months ended 30 September 2021, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus (the "**Prospectus**") of the Company dated 23 September 2016, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Use of Proceeds from the Global Offering

The Company was listed on The Stock Exchange of Hong Kong Limited on 6 October 2016. The net proceeds from the Company's global offering amounted to JPY16,798.0 million, which are intended to be applied in compliance with the intended use of proceeds as set out in the section headed "Net Proceeds from the Global Offering" in the Company's Announcement of Offer Price and Allotment Results dated 5 October 2016.

The following table sets forth the status of the use of proceeds from the global offering[1]:

Intended use of proceeds	Percentage of intended use of proceeds	Intended use of proceeds from the global offering	Percentage of used amount as at 30 September 2021	Percentage of unused balance as at 30 September 2021	Expected timeframe for utilizing the remaining unused net proceeds[2]
	(%)	*(In JPY millions)*	*(%)*	*(%)*	
Potential strategic acquisitions	29.4	4,939	–	29.4	–[3]
Sales and marketing activities in North America and Europe	15.1	2,536	15.1	–	N/A
Sales and marketing activities in home markets of Japan, Korea and China (including Hong Kong and Macau)	15.1	2,536	15.1	–	N/A
Capital expenditures	13.0	2,184	13.0	–	N/A
Repayment of interest-bearing bank borrowings	17.3	2,906	17.1	0.2[4]	N/A[4]
Providing funding for working capital and other general corporate purposes	10.1	1,697	10.1	–	N/A
Total	100.0	16,798	70.4	29.6	

Notes:

(1) The figures in the table are approximate figures.

(2) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

(3) As at the date of this announcement, the Group had not identified, committed to or entered into negotiations with any acquisition targets for its use of net proceeds from the global offering; hence it has no specific expected timeframe for fully utilizing such proceeds. The Group will continue to prudently evaluate potential acquisition targets within the golf products industry based on, among other factors, their brand recognition, geographic footprint, distribution network, product offerings and financial condition, with a goal of identifying potential acquisition targets that best fit its growth strategies.

(4) As at the date of this announcement, the Group has repaid the interest-bearing bank borrowings intended to be repaid through the proceeds from the global offering in full. The difference between the intended use of proceeds from the global offering and the actual repayment was due to the changes in foreign exchange rates. For the remaining unused net proceeds, the Group plans to use for general corporate purpose. As at the date of this announcement, the Group has not used the remaining 0.2% of the unused balance and will evaluate suitable usage based on its business needs.

As at 30 September 2021, the unused balance of the proceeds from the global offering of approximately JPY4,972.2 million are currently deposited with creditworthy banks with no recent history of default.

Events after the Reporting Period

The Board has declared the payment of an interim dividend of JPY1.5 per share, amounting to approximately a total of JPY908.5 million for the six months ended 30 September 2021 (the "**2021/2022 Interim Dividend**"), representing approximately 7.8% of the Group's distributable profits as at 30 September 2021.

Exchange Rate Conversion

Unless otherwise specified, amounts denominated in USD have been translated, for the purpose of illustration only, into JPY at the exchange rate of USD1.00 : JPY111.15. No representation is made that any amount in USD and JPY could have been or could be converted at the above rates or at any other rates or at all.

FINANCIAL INFORMATION

The financial information set out below in this announcement represents an extract from the interim condensed consolidated financial statements, which is unaudited but has been reviewed by the Company's independent auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and by the Audit Committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2021

	Notes	FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021 (Unaudited) (JPY'000)	2020 (Unaudited) (JPY'000)
Revenue	4	**11,871,947**	9,052,973
Cost of sales		**(5,310,098)**	(4,418,599)
Gross profit		**6,561,849**	4,634,374
Other income and gains	4	**203,763**	362,048
Selling and distribution expenses		**(4,301,589)**	(4,319,244)
Administrative expenses		**(630,604)**	(832,987)
Other expenses		**(47,588)**	(244,568)
Finance costs	5	**(45,365)**	(39,108)
Finance income		**6,029**	8,109
PROFIT/(LOSS) BEFORE TAX	6	**1,746,495**	(431,376)
Income tax expense	7	**(398,144)**	(372,149)
PROFIT/(LOSS) FOR THE PERIOD		**1,348,351**	(803,525)
Attributable to:			
Owners of the parent		**1,348,421**	(803,534)
Non-controlling interests		**(70)**	9
		1,348,351	(803,525)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:	8		
Basic and diluted			
– For profit/(loss) for the period (JPY)		**2.23**	(1.33)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Note	FOR THE SIX MONTHS ENDED 30 SEPTEMBER	
		2021	2020
		(Unaudited) (JPY'000)	*(Unaudited) (JPY'000)*
PROFIT/(LOSS) FOR THE PERIOD		**1,348,351**	(803,525)
OTHER COMPREHENSIVE INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(30,376)**	28,763
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(30,376)**	28,763
Other comprehensive income that will not be reclassified to profit in subsequent periods:			
Defined benefit plans:			
Remeasurement gains	*17*	**67,526**	21,323
Income tax effect		**(20,641)**	–
		46,885	21,323
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**(385)**	1,437
Income tax effect		**60**	(410)
		(325)	1,027
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**46,560**	22,350
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**16,184**	51,113
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**1,364,535**	(752,412)
Attributable to:			
Owners of the parent		**1,364,605**	(752,421)
Non-controlling interests		**(70)**	9
		1,364,535	(752,412)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2021

	Notes	**30 September 2021**	31 March 2021
		(Unaudited)	*(Audited)*
		(JPY'000)	*(JPY'000)*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**2,168,164**	2,348,288
Right-of-use assets		**1,663,928**	2,374,208
Freehold land	*11*	**1,940,789**	1,940,789
Intangible assets		**156,882**	207,812
Finance lease receivables		**319,258**	67,187
Other non-current assets		**794,405**	842,462
Deferred tax assets		**1,046,928**	1,081,362
Total non-current assets		**8,090,354**	8,862,108
CURRENT ASSETS			
Inventories	*12*	**11,105,623**	9,823,339
Trade and bills receivables	*13*	**4,070,189**	5,558,253
Prepayments, deposits and other receivables		**1,139,471**	1,420,860
Finance lease receivables		**74,528**	21,573
Pledged deposits	*14*	**4,350**	35,467
Cash and cash equivalents	*14*	**12,967,030**	10,771,897
Total current assets		**29,361,191**	27,631,389
CURRENT LIABILITIES			
Trade payables	*15*	**2,582,410**	1,799,142
Other payables and accruals		**2,912,274**	1,650,510
Interest-bearing bank borrowings	*16*	**6,900,000**	8,000,000
Due to a related party	*21(c)*	**628**	–
Lease liabilities		**845,965**	982,405
Income tax payable		**581,456**	384,398
Total current liabilities		**13,822,733**	12,816,455
NET CURRENT ASSETS		**15,538,458**	14,814,934
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,628,812**	23,677,042

	Notes	30 September 2021	31 March 2021
		(Unaudited)	*(Audited)*
		(JPY'000)	*(JPY'000)*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**–**	25,570
Net employee defined benefit liabilities	*17*	**544,445**	630,613
Lease liabilities		**1,213,837**	1,518,006
Deferred tax liabilities		**113,690**	85,980
Other non-current liabilities		**100,761**	95,737
Total non-current liabilities		**1,972,733**	2,355,906
Net assets		**21,656,079**	21,321,136
EQUITY			
Equity attributable to owners of the parent			
Share capital	*18*	**153**	153
Reserves		**21,701,630**	21,366,617
		21,701,783	21,366,770
Non-controlling interests		**(45,704)**	(45,634)
Total equity		**21,656,079**	21,321,136

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Notes	FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021 (Unaudited) (JPY'000)	2020 (Unaudited) (JPY'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**1,746,495**	(431,376)
Adjustments for:			
Provision for impairment of property, plant and equipment	*6*	**–**	3,737
Write-down of inventories to net realizable value	*6*	**364,669**	238,103
(Reversal of)/provision for impairment of trade receivables	*6*	**(57,749)**	129,701
Net losses on disposal of items of property, plant and equipment	*6*	**14,299**	16,321
Net (gains)/losses on disposal of right-of-use assets	*6*	**(29,114)**	385
Covid-19-related rent concessions from lessors		**(33,065)**	(28,637)
Depreciation of property, plant and equipment	*6*	**282,688**	327,183
Depreciation of right-of-use assets	*6*	**504,970**	479,020
Amortisation of intangible assets	*6*	**55,352**	57,122
Defined benefit plan expenses	*17*	**29,707**	42,096
Foreign exchange (gains)/losses		**(227,655)**	159,167
Finance costs	*5*	**45,365**	39,108
Finance income		**(6,029)**	(8,109)
		2,689,933	1,023,821
Increase in inventories		**(1,646,953)**	(716,085)
Decrease in trade and bills receivables		**1,545,813**	2,857,918
Decrease in prepayments, deposits and other receivables		**281,389**	188,400
Decrease in pledged deposits		**31,117**	–
Increase in an amount due from a related party		**–**	(14,849)
Decrease/(increase) in other non-current assets		**47,672**	(41,694)
Increase/(decrease) in trade payables		**783,268**	(793,263)
Increase/(decrease) in other payables and accruals		**207,914**	(267,330)
Increase in an amount due to a related party		**628**	–
Increase in other non-current liabilities		**5,024**	27,981
Payment of the defined benefit obligation	*17*	**(48,349)**	(111,028)
Cash generated from operations		**3,897,456**	2,153,871
Interest received		**6,029**	8,109
Interest paid		**(45,365)**	(39,108)
Japan income tax (paid)/refund		**(30,002)**	431,571
Overseas income tax (paid)/refund		**(125,738)**	21,915
Net cash flows generated from operating activities		**3,702,380**	2,576,358

	Note	FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021	2020
		(Unaudited)	*(Unaudited)*
		(JPY'000)	*(JPY'000)*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and intangible assets		**(100,199)**	(401,290)
Proceeds from disposal of items of property, plant and equipment and intangible assets		**12,589**	7,155
Decrease in finance lease receivables		**36,756**	10,026
Net cash flows used in investing activities		**(50,854)**	(384,109)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		**30,950,000**	50,824,494
Repayment of bank borrowings		**(32,075,570)**	(50,800,000)
Principal portion of lease payments		**(518,204)**	(451,465)
Dividends paid		**–**	(902,012)
Net cash flows used in financing activities		**(1,643,774)**	(1,328,983)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,007,752**	863,266
Cash and cash equivalents at beginning of period		**10,771,897**	10,472,793
Effect of foreign exchange rate changes, net		**187,381**	(133,466)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*14*	**12,967,030**	11,202,593
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	*14*	**12,967,030**	11,202,593

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2021

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 7 October 2013. The registered office address of the Company is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. Shares of the Company were listed (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 October 2016 (the "Listing Date").

The Company is an investment holding company. The Company's subsidiaries were principally engaged in the manufacture and sales of golf related products.

2.1 BASIS OF PREPARATION

The interim condensed financial information for the six months ended 30 September 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2021.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim 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 March 2021, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendments to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

Other than as explained below regarding the impact of Amendments to IFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*, the revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of Amendments to IFRS 16 are described below:

Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 April 2021 and applied the practical expedient during the six months ended 30 September 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of JPY33,065,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the six months ended 30 September 2021.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has only one reportable operating segment: the manufacture and sales of golf related products and rendering of services relating to such products. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resources allocation and performance assessment. Accordingly, no operating segment information is presented.

Revenues are attributed to geographic areas based on the location of customers as follows:

	For the six months ended 30 September	
	2021	2020
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Japan	**3,821,601**	1,855,759
Korea	**2,149,780**	3,115,910
China (including Hong Kong and Macau)	**3,624,678**	2,353,412
North America	**429,508**	305,182
Europe	**529,565**	409,994
Rest of the world	**1,316,815**	1,012,716
	11,871,947	9,052,973

Information about major customers

For the six months ended 30 September 2021, revenue of approximately JPY1,271,903,636 was derived from sales to a single customer (six months ended 30 September 2020: JPY2,572,348,993).

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold and services rendered, after allowances for returns and trade discounts during the period.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 September	
	2021	2020
	(Unaudited) ***(JPY'000)***	*(Unaudited)* *(JPY'000)*
Revenue		
Sale of goods	**11,803,343**	8,995,210
Rendering of services	**68,604**	57,763
	11,871,947	9,052,973
Other income and gains		
Compensation income	**–**	277,189
Foreign exchange gains, net	**121,654**	–
Gain/(loss) on disposal of right-of-use assets, net	**29,114**	(385)
Government grants	**25,757**	58,461
Rental income	**1,065**	622
Others	**26,173**	26,161
	203,763	362,048

The disaggregation of the Group's revenue from contracts with customers, including the sale of goods and rendering of services above, for the six months ended 30 September 2021 and 2020, respectively are as follows:

	For the six months ended 30 September	
	2021	2020
	(Unaudited)	*(Unaudited)*
	(JPY'000)	*(JPY'000)*
Types of goods or services		
Sale of golf related products	**11,803,343**	8,995,210
Rendering of services relating to golf related products	**68,604**	57,763
Total revenue from contracts with customers	**11,871,947**	9,052,973
Timing of revenue recognition		
Goods transferred at a point in time	**11,803,343**	8,995,210
Services transferred over time	**68,604**	57,763
Total revenue from contracts with customers	**11,871,947**	9,052,973

The disaggregation of the Group's revenue based on the geographical region for the six months ended 30 September 2021 is included in note 3.

5. FINANCE COSTS

	For the six months ended 30 September	
	2021	2020
	(Unaudited)	*(Unaudited)*
	(JPY'000)	*(JPY'000)*
Interest on bank borrowings	**26,147**	18,596
Interest on lease liabilities	**19,218**	20,512
	45,365	39,108

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

		For the six months ended 30 September	
	Notes	**2021**	2020
		(Unaudited)	*(Unaudited)*
		(JPY'000)	*(JPY'000)*
Cost of inventories sold		**5,268,986**	4,385,193
Cost of service provided		**41,112**	33,406
Covid-19-related rent concessions from lessors		**(33,065)**	(28,637)
Depreciation of property, plant and equipment	*10*	**282,688**	327,183
Depreciation of right-of-use assets		**504,970**	479,020
Amortisation of intangible assets		**55,352**	57,122
Research and development costs		**96,723**	139,641
Lease payments not included in the measurement of lease liabilities		**89,388**	91,050
Auditors' remuneration		**45,886**	41,040
Employee benefit expense:			
Wages and salaries		**1,806,137**	1,836,132
Pension and social security costs		**165,193**	116,538
Defined benefit plan expenses	*17*	**29,707**	42,096
Employee benefits		**179,935**	233,066
Other benefits		**131,421**	124,125
		2,312,393	2,351,957
Foreign exchange (gains)/losses, net		**(121,654)**	71,937
Provision for impairment of property, plant and equipment		**–**	3,737
(Reversal of)/provision impairment of trade receivables		**(57,749)**	129,701
Write-down of inventories to net realisable value		**364,669**	238,103
Net losses on disposal of items of property, plant and equipment		**14,299**	16,321
Net (gain)/loss on disposal of right-of-use assets		**(29,114)**	385

7. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 September 2021 (six months ended 30 September 2020: 16.5%).

Pursuant to the rules and regulations of Japan, the subsidiary incorporated in Japan is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the aggregate effective statutory tax rates for these taxes were 30.62% for the six months ended 30 September 2021 (six months ended 30 September 2020: 30.62%).

The provision for the PRC corporate income tax is based on the statutory rate of 25% for the assessable profits of the Group's PRC subsidiary as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

During the six months ended 30 September 2021, the Company's subsidiary incorporated and operating in the United States is subject to a federal corporation income tax rate of 21% (six months ended 30 September 2020: 21%), as well as state tax at 8.84% (six months ended 30 September 2020: 8.84%).

The subsidiaries incorporated in Taiwan and Thailand are subject to income tax at the rates of 20% and 20% on the assessable profits (six months ended 30 September 2020: 20% and 20%), respectively.

The Company's subsidiary incorporated and operating in Switzerland was subject to federal corporation income tax at a rate of 8.5% during the year (six months ended 30 September 2020: 8.5%), as well as cantonal and communal taxes at rates ranging 2% to 5% (six months ended 30 September 2020: 2% to 5%).

The major components of income tax expense of the Group are as follows:

	For the six months ended 30 September	
	2021	2020
	(Unaudited)	*(Unaudited)*
	(JPY'000)	*(JPY'000)*
Current income tax – Hong Kong	**293,614**	422,440
Current income tax – Mainland China	**59,184**	–
Deferred tax	**45,346**	(50,291)
	398,144	372,149

8. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of basic and diluted earnings per share are based on the profit/(loss) for the period attributable to ordinary equity holders of the parent and weighted average number of ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2021 and 2020 in respect of a dilution as the Group had no potentially ordinary shares in issue during those periods.

The following reflects the income and the share data used in the basic earnings per share computation:

	For the six months ended 30 September	
	2021	2020
	(Unaudited)	*(Unaudited)*
	(JPY'000)	*(JPY'000)*
Profit/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**1,348,421**	(803,534)

	Number of shares For the six months ended 30 September	
	2021	2020
	('000)	*('000)*
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**605,643**	605,643

9. DIVIDENDS

	For the six months ended 30 September	
	2021	2020
	(Unaudited)	*(Unaudited)*
	(JPY'000)	*(JPY'000)*
Final declared – JPY1.70 per ordinary share (2020: JPY1.50)	**1,029,592**	902,012
Interim declared – JPY1.50 (2020: JPY1.50)	**908,500**	908,464
	1,938,092	1,810,476

During the period, the Company's shareholders approved 2021 proposed final dividend with a total amount of JPY1,029,592,000 (six months ended 30 September 2020: JPY902,012,000). The amount of the 2021 final dividend was calculated based on the number of shares of the Company as of 16 September 2021.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended on 30 September 2021, the Group acquired items of property, plant and equipment with a cost of JPY120,381,000 (six months ended 30 September 2020: JPY306,914,000). Depreciation for items of property, plant and equipment was JPY282,688,000 during the period (six months ended 30 September 2020: JPY327,183,000). Assets with a net book value of JPY26,887,000 were disposed of by the Group during the six months ended 30 September 2021 (six months ended 30 September 2020: JPY23,476,000).

11. FREEHOLD LAND

The carrying amounts of the Group's freehold land is JPY1,940,789,000 as at 30 September 2021 and 31 March 2021. The freehold land, which is located in Japan, is owned by Honma Golf Co., Ltd., a limited liability company incorporated under the laws of Japan.

12. INVENTORIES

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Raw materials	**2,951,065**	2,375,810
Work in progress	**1,565,794**	1,421,394
Finished goods	**7,987,356**	7,060,058
	12,504,215	10,857,262
Provision for inventories	**(1,398,592)**	(1,033,923)
	11,105,623	9,823,339

13. TRADE AND BILLS RECEIVABLES

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Trade receivables	**4,661,584**	6,197,088
Bills receivable	**109,664**	119,973
	4,771,248	6,317,061
Impairment of trade receivables	**(701,059)**	(758,808)
	4,070,189	5,558,253

The Group's trading terms with its customers are mainly on credit. The credit period is ranging from 30 to 140 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Within 1 month	**2,675,212**	4,238,812
Over 1 and within 3 months	**281,375**	482,576
Over 3 and within 12 months	**987,353**	457,835
Over 1 year	**16,585**	259,057
	3,960,525	5,438,280

14. CASH AND CASH EQUIVALENTS

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Cash and bank balances	**12,967,030**	10,771,897
Time deposits	**4,350**	35,467
	12,971,380	10,807,364
Less: pledged deposits	**(4,350)**	(35,467)
Cash and cash equivalents	**12,967,030**	10,771,897

15. TRADE PAYABLES

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Trade payables	**2,582,410**	1,799,142

An ageing analysis of the trade payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Within 3 months	**2,496,354**	1,739,453
Over 3 months	**86,056**	59,689
	2,582,410	1,799,142

The trade payables are unsecured, non-interest-bearing and normally settled in 2 to 4 months.

16. INTEREST-BEARING BANK BORROWINGS

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Current		
Bank loans – unsecured	**6,900,000**	8,000,000
Non-Current		
Bank loans – unsecured	**–**	25,570
	6,900,000	8,025,570
Analysed into:		
Bank loans repayable:		
Within one year	**6,900,000**	8,000,000
In the second year	**–**	25,570
	6,900,000	8,025,570

The Group's bank borrowings bore effective interest rates as follows:

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
Effective interest rates	**0.33%-0.54%**	0.33%-0.54%

As at 30 September 2021 and 31 March 2021, there were no properties pledged to secure bank borrowings granted to the Group.

17. EMPLOYEE DEFINED BENEFIT PLANS

Net employee defined benefit liability:

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Retirement benefit plan	**544,445**	630,613

The Group operates a funded defined benefit plan for all its qualifying employees in Japan. Under the plan, the employees are entitled to retirement benefits on attainment of a retirement age of 60.

The Group's defined benefit plan is a post-employment benefit plan, which requires contributions to be made to a separately administered fund. The plan has the legal form of a foundation and it is administrated by independent trustees with the assets held separately from those of the Group. The trustees are responsible for the determination of the investment strategy of the plan.

The trustees review the level of funding in the plan by the end of each reporting period. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The trustees decide the contribution based on the results of the annual review.

The plan is exposed to interest rate risk, the risk of changes in the life expectancy for pensioners and equity market risk.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligation were carried out by Mizuho Trust & Banking Co., Ltd. and by Professional Actuary Management Consulting Co., which are members of the actuarial society of Japan and Taiwan, using the projected unit credit actuarial valuation method.

The total expenses recognized in the interim condensed consolidated statement of profit or loss in respect of the plan are as follows:

	30 September 2021	30 September 2020
	(Unaudited)	*(Unaudited)*
	(JPY'000)	*(JPY'000)*
Current service cost	**28,741**	40,738
Interest cost	**966**	1,358
Net benefit expenses	**29,707**	42,096
Recognised in cost of sales	**9,504**	13,468
Recognised in selling and distribution costs	**9,982**	14,145
Recognised in administrative expenses	**10,221**	14,483
	29,707	42,096

The following tables summarize the components of net benefit expenses recognized in the interim condensed consolidated statement of profit or loss and the funded status and amounts recognized in the interim condensed consolidated statement of financial position for the plan:

Changes for the six months ended 30 September 2021 in the defined benefit obligation and fair value of plan assets:

	1 April 2021	**Service cost**	**Net interest**	**Sub-total included in profit or loss**	**Benefits paid**	**Return on plan assets**	**Experience adjustments**	**Actuarial changes arising from changes in financial assumptions**	**Sub-total included in other comprehensive income**	**30 September 2021**
	(JPY'000)	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***	***(JPY'000)***
Defined benefit obligation	**2,553,076**	**28,741**	**4,116**	**32,857**	**(72,670)**	**–**	**(114)**	**(3,256)**	**(3,370)**	**2,509,893**
Fair value of plan assets	**(1,922,463)**	**–**	**(3,150)**	**(3,150)**	**24,321**	**(64,156)**	**–**	**–**	**(64,156)**	**(1,965,448)**
Benefit liability	**630,613**	**28,741**	**966**	**29,707**	**(48,349)**	**(64,156)**	**(114)**	**(3,256)**	**(67,526)**	**544,445**

Changes for the six months ended 30 September 2020 in the defined benefit obligation and fair value of plan assets:

	1 April 2020	Service cost	Net interest	Sub-total included in profit or loss	Benefits paid	Return on plan assets	Experience adjustments	Actuarial changes arising from changes in financial assumptions	Sub-total included in other comprehensive income	30 September 2020
	(JPY'000)	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*	*(JPY'000)*
Defined benefit obligation	2,860,169	40,738	4,449	45,187	(357,508)	–	–	151,647	151,647	2,699,495
Fair value of plan assets	(1,955,360)	–	(3,091)	(3,091)	246,480	(172,970)	–	–	(172,970)	(1,884,941)
Benefit liability	904,809	40,738	1,358	42,096	(111,028)	(172,970)	–	151,647	(21,323)	814,554

The major categories of the fair value of the total plan assets are as follows:

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Stocks	**1,007,479**	974,580
Bonds	**760,485**	751,727
General account of life insurance companies	**144,874**	144,204
Others	**52,610**	51,952
	1,965,448	1,922,463

The principal actuaries assumptions used in determining the defined benefit obligation for the retirement benefit plan are shown below:

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Method of allocating projected retirement benefits	**Projected Unit Credit Method**	Projected unit credit method
Discount rate	**0.32%**	0.32%
Salary increase rate (aged based, on average)	**1.90%**	1.90%
Turnover rate (aged based, on average)	**4.90%**	4.90%
Mortality (Mortality Table published by Ministry of Health, Labour and Welfare dated on)	**26 March 2015**	26 March 2015

A quantitative sensitivity analysis for significant assumption is as shown below:

		Increase/(decrease) in defined benefit obligations	
		30 September 2021	31 March 2021
		(Unaudited)	*(Audited)*
Assumption	*Change in assumption*	***(JPY'000)***	*(JPY'000)*
Discount rate	Increase by 0.5%	**(102,806)**	(105,302)
	Decrease by 0.5%	**102,806**	105,302

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumption constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The average durations of the defined benefit plan obligation as at 30 September 2021 is 6.6 years (31 March 2021: 6.6 years).

The actuarial valuation showed that the market value of plan assets was JPY1,965,448,000 as at 30 September 2021 (31 March 2021: JPY1,922,463,000), and represented 78% (31 March 2021: 75%) of the defined benefit obligation that had accrued to qualifying employees. The deficiency of JPY544,445,000 as at 30 September 2021 (31 March 2021: JPY630,613,000) is expected to be cleared over the remaining service period.

18. SHARE CAPITAL

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
Issued capital (As of 30 September 2021 and as of 31 March 2021: 20,000,000,000 authorised shares of USD0.0000025 each, 605,642,500 ordinary shares in issue) USD	**1,514**	1,514
Equivalent to JPY	**153,000**	153,000

19. SHARE-BASED PAYMENT

The Company operates a restricted share unit scheme ("the Scheme") for the purpose of providing incentives and rewards to eligible participants who will contribute to the success of the Group's operations. The Scheme includes three batches, which became effective on 20 October 2015 and 31 May 2016 ("2015 and 2016 RSU scheme") and 6 October 2017 ("2017 RSU scheme").

2015 and 2016 RSU scheme

By a resolution of the board of directors on 20 October 2015 and 31 May 2016, the Group granted 17,554,550 shares represented by RSUs and 952,250 shares represented by RSUs, respectively for the purpose of providing incentives and rewards to eligible participants who will contribute to the success of the Group's operations in future years. All the RSUs granted were based on the Company's and individuals' performance. The vesting schedule of the RSUs is 40% on the date on which the shares of the Company are listed on The Stock Exchange of Hong Kong Limited, 30% after 12 months from the Listing Date and 30% after 24 months from the Listing Date.

During the year ended 31 March 2018, agreed by employees who accepted the grant of the above RSUs, 286,042 shares represented by RSUs were cancelled and the vesting schedule of above RSUs was modified to 40% on the date on which the shares of the Company are listed on The Stock Exchange of Hong Kong Limited, 30% on 30 April 2018 or the date on which the Company publishes its annual results for the fiscal year ended 31 March 2018 (whichever is earlier) and 30% on 30 April 2019 or the date on which the Company publishes its annual results for the fiscal year ended 31 March 2019 (whichever is earlier), which was accounted for as cancellation and modification of share-based payment.

During the year ended 31 March 2021, the vesting schedule of the above RSUs was modified to 40% on the date on which the shares of the Company are listed on The Stock Exchange of Hong Kong Limited, 30% on 30 April 2018 or the date on which the Company publishes its annual results for the fiscal year ended 31 March 2018 (whichever is earlier) and 30% on 19 October 2025, which was accounted for as cancellation and modification of share-based payment.

2017 RSU scheme

During the year ended 31 March 2018, the Group granted 318,396 shares represented by RSUs, which has been approved by the board of directors, for the purpose of providing incentives and rewards to eligible participants who will contribute to the success of the Group's operations in future years. All the RSUs granted were based on the Company's and individuals' performance. The vesting schedule of the RSUs is 50% on 30 April 2018 or the date on which the Company publishes its annual results for the fiscal year ended 31 March 2018 (whichever is earlier) and 50% on 30 April 2019 or the date on which the Company publishes its annual results for the fiscal year ended 31 March 2019 (whichever is earlier).

During the year ended 31 March 2021, the vesting schedule of the above RSUs was modified to 50% on 30 April 2018 or the date on which the Company publishes its annual results for the fiscal year ended 31 March 2018 (whichever is earlier) and 50% on 19 October 2025, which was accounted for as cancellation and modification of share-based payment.

The following RSUs were outstanding during the year ended 31 March 2021 and the six months ended 30 September 2021:

	For the six months ended 30 September 2021	For the year ended 31 March 2021
	Number of RSUs	Number of RSUs
At the beginning of the period	**3,409,169**	3,746,909
Forfeited during the period	**(91,338)**	(337,740)
At the end of the period	**3,317,831**	3,409,169

The Group had no RSU expenses during the six months ended 30 September 2021.

20. CAPITAL COMMITMENTS

At the end of the reporting period, the Group did not have any significant capital commitments (31 March 2021: Nil).

21. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

Related parties	**Relationships**
Shanghai POVOS Enterprise (Group) Co., Ltd.	Company controlled by the Ultimate Shareholder

(b) Related party transactions

In addition to the transactions and balances disclosed elsewhere in the interim condensed consolidated financial information, the Group had the following material transactions with related parties during the period:

	For the six months ended 30 September	
	2021	2020
	(Unaudited)	*(Unaudited)*
	(JPY'000)	*(JPY'000)*
Rental expense charged by a related party		
Shanghai POVOS Enterprise (Group) Co., Ltd.	**14,189**	13,465

(c) Balances with related parties

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Due to a related party		
Shanghai POVOS Enterprise (Group) Co., Ltd.	**628**	–

(d) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2021	2020
	(Unaudited)	*(Unaudited)*
	(JPY'000)	*(JPY'000)*
Short term employee benefits	**85,085**	87,985
Pension scheme contributions	**7,396**	6,085
Total compensation paid to key management personnel	**92,481**	94,070

22. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets – Debt instruments at amortised cost

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Trade receivables	**3,960,525**	5,438,280
Pledged deposits	**4,350**	35,467
Cash and cash equivalents	**12,967,030**	10,771,897
Financial assets included in prepayments, deposits and other receivables	**62,081**	60,648
Finance lease receivables	**393,786**	88,760
Other non-current assets	**699,288**	697,520
	18,087,060	17,092,572

Financial assets – debt instruments at fair value through other comprehensive income

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Bills receivables	**109,664**	119,973

Financial assets – equity instruments at fair value through other comprehensive income

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Equity instruments at fair value through other comprehensive income	**13,422**	13,807

Financial liabilities – at amortised cost

	30 September 2021	31 March 2021
	(Unaudited)	*(Audited)*
	(JPY'000)	*(JPY'000)*
Trade payables	**2,582,410**	1,799,142
Interest-bearing bank borrowings	**6,900,000**	8,025,570
Financial liabilities included in other payables and accruals	**1,934,190**	887,598
Lease liabilities	**2,059,802**	2,500,411
Financial liabilities included in other non-current liabilities	**20,852**	17,614
Due to a related party	**628**	–
	13,497,882	13,230,335

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Financial assets and liabilities not presented at their fair value on the interim condensed consolidated statements of financial position mainly represent cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, the current portion of finance lease receivables, trade payables, interest-bearing bank borrowings, an amount due to a related party, financial liabilities included in other payables and accruals and the current portion of lease liabilities. Their fair values are approximate to their carrying amounts largely due to the short term maturities of these instruments.

The non-current portion of finance lease receivables and the non-current portion of lease liabilities of the Group approximate to their fair values because their carrying amounts are present value and internal rates of return are close to rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of rental deposits paid as lessee included in other non-current assets and rental deposits received as lessor included in other non-current liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments require the directors to make estimates about the expected future cash flows from future proceeds when the investments are realized and the fair values have been estimated to be the principal plus estimated interest income. The directors believe that the estimated fair values which are recorded in the interim condensed consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the reporting periods.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the vice president responsible for finance. The valuation process and results are discussed with the board of directors once a year for annual financial reporting.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

The Group did not have any financial liability measured at fair value as at 30 September 2021 (31 March 2021: Nil).

Assets measured at fair value:

As at 30 September 2021

	Level 1	**Level 2**	**Level 3**	**Total**
	(Unaudited) ***JPY'000***	***(Unaudited)*** ***JPY'000***	***(Unaudited)*** ***JPY'000***	***(Unaudited)*** ***JPY'000***
Equity instruments at fair value through other comprehensive income	**13,322**	**–**	**100**	**13,422**
Bills receivable	**–**	**109,664**	**–**	**109,664**
	13,322	**109,664**	**100**	**123,086**

As at 31 March 2021

	Level 1	Level 2	Level 3	Total
	(Audited) *JPY'000*	*(Audited)* *JPY'000*	*(Audited)* *JPY'000*	*(Audited)* *JPY'000*
Equity instruments at fair value through other comprehensive income	13,707	–	100	13,807
Bills receivable	–	119,973	–	119,973
	13,707	119,973	100	133,780

During the six months ended 30 September 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 September 2020: Nil).

24. EVENT AFTER THE REPORTING PERIOD

On 26 November 2021, the board of directors declared the payment of an interim dividend of JPY1.50 per ordinary share totaling approximately JPY908,500,000 for the six months ended 30 September 2021.

25. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorized for issue by the board of directors on 26 November 2021.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

INTERIM DIVIDEND

The Board has declared the payment of the 2021/2022 Interim Dividend of JPY1.5 per share for the six months ended 30 September 2021, amounting to approximately a total of JPY908.5 million, representing approximately 7.8% of the Group's distributable profits as at 30 September 2021. The interim dividend for the six months ended 30 September 2020 amounted to JPY908.5 million (JPY1.5 per share).

The 2021/2022 Interim Dividend has been declared in Japanese Yen and will be paid in Hong Kong dollars, the exchange rate of which will be calculated based on the rate of exchange as quoted to the Company by The Hongkong and Shanghai Banking Corporation Limited at its middle rate of exchange as at the record date for determining such dividend entitlement.

The 2021/2022 Interim Dividend will be paid on Tuesday, 28 December 2021 to the shareholders of the Company whose names appear on the register of members of the Company as at Monday, 13 December 2021.

The distribution of the 2021/2022 Interim Dividend will not be subject to withholding tax under the Cayman Islands laws.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the shareholders' entitlement to the interim dividend, the Register of Members of the Company will be closed for one day on Monday, 13 December 2021. No transfer of shares of the Company will be registered on the aforementioned book-close date. To qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 10 December 2021 for registration.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). During the six months ended 30 September 2021, the Company has complied with all applicable code provisions as set out in the CG Code save for the deviation from code provision A.2.1.

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The positions of the chairman and president of the Company are both held by Mr. Liu Jianguo. With the assistance of Mr. Ito Yasuki and Mr. Zuo Jun, the respective presidents of Japan operations and China operations overseeing the Group's business in Japan and China, the Board believes that this arrangement would allow for effective and efficient planning and implementation of business decisions and strategies under the strong and consistent leadership and should be beneficial to the management and development of the Group's business.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions.

Having made specific enquiry of all directors of the Company (the "**Directors**"), all of them have confirmed that they have complied with the Model Code and the Company's own code regarding directors' securities transactions throughout the six months ended 30 September 2021.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Lu Pochin Christopher, Mr. Wang Jianguo and Mr. Xu Hui. Mr. Lu Pochin Christopher is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the Interim Results for the six months ended 30 September 2021. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes for the six months ended 30 September 2021 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the six months ended 30 September 2021. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited ("**HKEX**") (www.hkexnews.hk) and that of the Company (www.honma.hk). The interim report will be dispatched to the shareholders of the Company and will be available on the website of HKEX and that of the Company in due course.

For and on behalf of the Board
Honma Golf Limited
本間高爾夫有限公司
Liu Jianguo
Chairman

26 November 2021

As at the date of this announcement, the executive directors of the Company are Mr. Liu Jianguo, Mr. Ito Yasuki, Mr. Murai Yuji and Mr. Zuo Jun; the non-executive directors of the Company are Mr. Yang Xiaoping and Mr. Ho Ping-hsien Robert; and the independent non-executive directors of the Company are Mr. Lu Pochin Christopher, Mr. Wang Jianguo and Mr. Xu Hui.