

【For Immediate Release】



**Honma Golf Limited Announces 2016/17 Interim Results
Revenue rose by 3.4% year on year to JPY10.2 billion**

- Revenue increased by 3.4% to JPY10.2 billion. On a constant currency basis, revenue grew by 8.9%.
- Gross profit margin increased by 0.3 percentage point to 57.3%.
- Revenue for golf clubs, which comprise the majority of the Group's business, increased by 1.1% to JPY8,375 million.
- Revenue for golf balls increased by 59.5% to JPY233 million.
- Revenue for apparel, accessories and other related products increased by 10.7% to JPY1,597 million.
- Adjusted net profit decreased by 0.4% year on year to JPY747 million.
- The sales growth of golf clubs was primarily driven by Be ZEAL, a new family of golf clubs that was launched in January 2016.
- The Group had completed the design, development and trial production of the third-generation of the TOUR WORLD family of golf clubs and launched them in October 2016.
- The number of individual sports megastores in distribution network increased from 870 as of 31 March 2016 to 899 as of 30 September 2016.

(17 November 2016 – Hong Kong) **Honma Golf Limited** (“Honma Golf” or the “Company”; together with its subsidiaries, the “Group”, SEHK stock code: 06858), one of the most prestigious and iconic brands in the golf industry, announces its interim results for the six months ended 30 September 2016 (the "Period").

During the Period, revenue of the Group increased by 3.4% to JPY10.206 billion. On a constant currency basis, revenue grew by 8.9%. The growth was primarily due to expansion of product portfolio and deepening of sales and distribution channels. Gross profit increased by 3.8% to JPY5,844 million while gross profit margin increased by 0.3 percentage points to 57.3% for the periods indicated. Adjusted net profit decreased by 0.4% year on year to JPY747 million. The Board resolved not to declare any interim dividend.

During the Period under review, the Group continued to implement its growth strategies. In terms of product portfolio, the Group launched Be ZEAL family of golf clubs in January 2016, which enabled the Group to tap into a new and high growth customer segment. The Group completed the design, development and trial production of TW737, the third generation of TOUR WORLD family of golf clubs, and made its first major shipment of TW737 products to the U.S. in November 2016 on the back of a strong marketing campaign in partnership with an international marketing agency.

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The Group offers customers a complete golf lifestyle experience through an extensive portfolio of HONMA-branded golf clubs, golf balls and apparel, accessories and other related products. During the Period, the Group experienced revenue growth in all three main product categories. Golf clubs comprise the majority of the Group's business, and revenue for golf clubs increased by 1.1% to JPY8,375 million. The growth was primarily driven by Be ZEAL. Revenue for golf balls increased by 59.5% to JPY233 million. Revenue for apparel, accessories and other related products increased by 10.7% to JPY1,597 million. The robust growth for these complementary product lines was primarily due to the establishment of dedicated sales teams and sales and distribution channels in the Group's home markets.

The Group's products are sold in approximately 50 countries worldwide, across Asia, North America, and Europe. As the Group's home markets, revenue for Japan, Korea and China (including Hong Kong and Macau) collectively accounted for 86.3% of the Group's total revenue during the Period. Revenue for Japan increased by 6.1% to JPY5,707 million. Revenue for China (including Hong Kong and Macau) increased by 9.4% to JPY1,969 million. On a constant currency basis, revenue growth in China achieved 26.5%, mainly benefiting from continued expansion of wholesale distribution channels.

The Group proactively expanded its geographic span. In April 2016, the Group completed its U.S. business development plan with the assistance of a U.S. consulting firm and has since then began its execution. The Group has recruited a local management team and expanded sales force with an initial focus on sun belt states such as Arizona, California, Florida and Nevada, and also entered into sales contracts with several big-box retailers.

In terms of sales channels, the Group has an extensive sales and distribution network that allows the Group to reach a broad customer base in its target markets. As of 30 September 2016, the Group had 96 HONMA-branded self-operated stores, which is the largest number of self-operated stores among major golf companies, and they provide the Group with a direct sales channel as well as a platform to maintain and enhance its brand image. The Group also had approximately 2,000 distributors and sold products at 899 individual sports megastores. The Group expects that sales to distributors will continue to increase as a percentage of total revenue as the Group plans to penetrate new markets by partnering with quality distributors, and gradually shift focus towards a distributorship model in certain existing geographic markets.

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Mr. Liu Jianguo, Chairman of the Board, President and Executive Director of Honma Golf Limited said, “The fiscal year 2016/17 marks a milestone in the Group’s development. The success of the Group's listing on the Main Board of the Stock Exchange Hong Kong Limited has allowed the Group to tap the international capital market and thus strengthen its capital structure. This had laid the solid foundations for its long-term development. The Group will continue to optimize the product mix to tap into adjacent consumer segments and enhance product innovation and development to keep abreast of the industry trends. It will also expand its market share, enhance the brand awareness in existing markets and enter the markets in North America and Europe. Meanwhile, we will constantly invest in the marketing and promotion of the HONMA brand, raise operational efficiency, optimize the cost structure, and let our customers experience a golf lifestyle thoroughly by providing them with more complementary product lines. In the future, the Group will spare no effort to develop itself into a leading golf lifestyle company in the world by building on its heritage of craftsmanship.”

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About Honma Golf Limited

HONMA is one of the most prestigious and iconic brands in the golf industry, synonymous with intricate craftsmanship, dedication to performance excellence and distinguished product quality. Honma Golf is the only major golf products company that possesses professional handcrafted techniques together with significant in-house manufacturing capabilities. The Company predominantly designs, develops, manufactures and sells a comprehensive range of aesthetically-crafted and performance-driven golf clubs, under four major product families, namely BERES, TOUR WORLD, Be ZEAL and G1X, each targeting specific consumer segments. Honma Golf also offers customers a complete golf lifestyle experience through an extensive portfolio of golf balls, apparel, accessories and other related products. HONMA was the number one brand for premium golf clubs in the world in terms of retail sales in 2015. It was also the fastest growing brand within the top 10 golf products brands as measured by year-on-year retail sales growth from 2014 to 2015. Honma Golf’s products are sold in approximately 50 countries worldwide, primarily in Asia and also across North America, Europe and other regions.

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