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Honma Golf Limited

(Incorporated in the Cayman Islands with limited liability)

**Honma Golf Announces Proposed Listing
on the Main Board of The Stock Exchange of Hong Kong**

**Global Offering of 133,991,000 Offer Shares
Offer Price Range of HK\$8.46 to HK\$10.98 Per Share**

(22 September 2016, Hong Kong) **Honma Golf Limited** ("Honma Golf" or the "Company"; together with its subsidiaries, the "Group", SEHK stock code: 6858), one of the most prestigious and iconic brands in the golf industry, announces today the details of the global offering (the "Global Offering") of its shares (the "Shares") and its proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

A total of 133,991,000 Shares (subject to the Over-allotment Option) (the "Offer Shares") are being offered or sold under the Global Offering, comprising an International Offering of 120,591,000 Shares (subject to reallocation and the Over-allotment Option) and a Hong Kong Public Offering of 13,400,000 Shares (subject to reallocation) (the "Hong Kong Public Offering") representing approximately 90.0% and 10.0% of the total number of the Offer Shares respectively. The offer price (the "Offer Price") is expected to be not less than HK\$8.46 per Offer Share and not more than HK\$10.98 per Offer Share. Over-allotment Option allows the issue of up to 20,098,500 Shares, or the equivalent of approximately 15% of the Offer Shares.

Morgan Stanley Asia Limited is the Sole Global Coordinator and Sole Sponsor. Morgan Stanley Asia Limited and Nomura International (Hong Kong) Limited are the Joint Bookrunners and Joint Lead Managers.

The net proceeds from the Global Offering are estimated to be approximately HK\$1,219.7 million after deduction of underwriting fees and commissions and estimated expenses payable by the Group in connection with the Global Offering, assuming an Offer Price of HK\$9.72 per Offer Share, being the mid-point of the Offer Price range, and assuming the Over-allotment Option is not exercised. The Group intends to use the net proceeds for the following purposes:

- Approximately 29.2%, or HK\$356.5 million, will be used to pursue potential strategic acquisitions of businesses or brands and develop strategic alliances to enhance the Group's presence in North America and Europe.
- Approximately 15.0%, or HK\$183.0 million, will be used for sales and marketing activities in North America and Europe, including (i) advertising and promotional activities such as sales point promotional activities and sponsorship of professional players active in these markets, (ii) benefits for sales staff in these markets, and (iii) fitting equipment for third-party retailers.

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- Approximately 15.0%, or HK\$183.0 million, will be used for sales and marketing activities in the Group's home markets of Japan, Korea and China (including Hong Kong and Macau), which will center around (i) sales point promotional activities, (ii) on-course sales events, typically in connection with tournaments and major product launches, and (iii) creation of additional fitting centers within self-operated stores or in partnership with third-party retailers.
- Approximately 12.9%, or HK\$157.3 million, will be used to finance the capital expenditures related to (i) equipment purchases at the Group's Sakata Campus to expand the Group's production capacity, (ii) enhancement of the Group's supply chain management and (iii) upgrades of the Group's IT infrastructure.
- Approximately 17.9%, or HK\$217.9 million, will be used to repay interest-bearing bank borrowings, including (i) approximately 11.7%, or HK\$142.1 million, to repay JPY1,874.9 million of borrowings from Mizuho Bank and (ii) approximately 6.2%, or HK\$75.8 million, to repay JPY1,000 million of borrowings from Tokyo Momin Bank.
- Approximately 10.0%, or HK\$122.0 million, will be used to provide funding for the Group's working capital and other general corporate purposes.

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 in Sakata, Yamagata Prefecture of Japan. Headquartered in Tokyo, Japan, the Group 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 ZEL 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 is the number one brand for premium golf clubs and ranks among the top ten golf product brands in the world, in each case in terms of retail sales in 2015 according to Frost & Sullivan. Honma Golf's products are sold in approximately 50 countries worldwide, primarily in Asia and also across North America, Europe and other regions.

To capture opportunities arising from the golf industry, **Mr. Liu Jianguo, Chairman of the Board, President and Executive Director of Honma Golf Limited** said, "We believe the strength of our HONMA brand is built on a history of developing and bringing to market innovative and high-quality products that combine performance and design. We will continue product innovation and development to cater to evolving industry trends, and tap into adjacent consumer segments by continuing to optimize our product mix. Enhancing brand awareness and gaining market share in Asia will continue to be a key part of our future growth strategies. Penetrating new markets in North America and Europe, particularly the United States and the United Kingdom will also form a key component of our future growth. As we believe that the iconic and premium status of the HONMA brand has strong appeal to customers beyond affluent golf participants, we will continue to invest in the marketing and promotion of our HONMA brand. In addition, we will continue to increase operational efficiency and optimize cost structure, and provide customers with a complete golf lifestyle experience by growing complementary product lines such as golf balls, apparel, accessories and other related products. We believe that the listing will further strengthen the Group's corporate governance and enhance its reputation, and in turn enable us to achieve our vision of building a world-leading golf lifestyle company on the foundation of our craftsmanship heritage."

The Hong Kong Public Offering is expected to commence at 9:00 am on 23 September 2016 (Friday) and is expected to close at 12:00 noon on 28 September 2016 (Wednesday). Offer Price is expected to be announced or published via various channels on 5 October 2016 (Wednesday). Dealings in Shares on the Stock Exchange are expected to commence on 6 October 2016 (Thursday), with 6858 as the stock code.

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White Application Forms and prospectuses of the Company can be obtained from designated offices of Morgan Stanley Asia Limited, Nomura International (Hong Kong) Limited, Yuanta Securities (Hong Kong) Company Limited and Head & Shoulders Securities Limited, and designated branches of Bank of China (Hong Kong) Limited and Wing Lung Bank Limited. Applicants may also apply on-line via the designated White Form eIPO service provider at www.eipo.com.hk. Applicants can also use the Yellow Application Forms or give electronic application instructions to Hong Kong Securities Clearing Company Limited to process their applications.

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Honma Golf Limited Financials at a glance

Global Offering	:	133,991,000 Shares <i>(subject to the Over-allotment Option)</i>
Offering Structure		
- Hong Kong Public Offering	:	13,400,000 Shares <i>(Subject to reallocation)</i>
- International Offering	:	120,591,000 Shares <i>(Subject to reallocation and the Over-allotment Option)</i>
Over-allotment Option	:	20,098,500 Shares
Suggested Price Offer	:	HK\$8.46 – HK\$10.98 per Offer Share
		<i>Based on Offer Price of HK\$8.46</i>
		<i>Based on Offer Price of HK\$10.98</i>
Market Capitalization	:	HK\$5,153 million HK\$6,687 million
Announcement of Allotment Results	:	5 October 2016 (Wednesday)
Expected Listing Date	:	6 October 2016 (Thursday)
Stock Code	:	6858
No. of Shares per Board Lot	:	500

The following is a track record summary of Honma Golf Limited:

	Year ended 31 March		
	2014	2015	2016
	(HK\$ '000)	(HK\$ '000)	(HK\$ '000)
Revenue	1,191,316	1,404,480	1,695,888
Profit before tax	205,216	151,902	300,162
Net profit	196,256	174,530	270,246