CHINA HONGXING SPORTS LIMITED (Company Registration Number 36746)
(Incorporated in Bermuda)

Full Year Financial Statement And Related Announcement for Year Ended 31 December 2019

CAUTIONARY NOTE:

The Company had, on 20 September 2017, entered into a conditional sale and purchase agreement with Jiayao Investments Limited in relation to the disposal of 10,000 ordinary shares, representing the entire issued capital and paid-up capital of Profitstart Group Limited (the "**Target Company**", and together with its subsidiaries, the "**Target Group**"), a wholly-owned subsidiary of the Company, for an aggregate consideration of RMB100,000,000 (the "**Disposal**").

The Disposal was approved by shareholders at the special general meeting of the Company held on 28 March 2018, and completed on 25 May 2018.

After the completion of the disposal of Profitstart Group Limited on 25 May 2018, the Company became a cash company pursuant to Rule 1018 of the Listing Manual ("**Rule 1018**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The Board of Directors are pleased to announce the consolidated results of the Group for the year ended 31 December 2019. The Board of Directors of the Company cautions that the financial results disclosed in this announcement are unaudited.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1 (a)(i) UNAUDITED INCOME STATEMENT FOR YEAR ENDED 31 DECEMBER

Group (RMB'000)	**12 months ended**		**Change**
	31 Dec 2019	**31 Dec 2018**	**%**
Administrative expenses	(2,958)	(2,502)	(18.2)
Loss from operations	(2,958)	(2,502)	(18.2)
Finance costs	-	-	N/A
Loss from continuing operations	(2,958)	(2,502)	(18.2)
Loss from discontinued operations (net of tax)[(1)]	-	(295,252)	100.0
Loss attributable to shareholders	(2,958)	(297,754)	99.0

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER

Group (RMB'000)	12 months ended 31 Dec 2019	31 Dec 2018	Change %
Loss attributable to shareholders	(2,958)	(297,754)	99.0
Other comprehensive income	-	-	N/A
Total comprehensive income for the period	(2,958)	(297,754)	99.0

Note:

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (the "**IFRS**").

1(a)(ii) Other information:

Note 1: Please refer to Note 8 for details. Loss from discontinued operations included the related income and expenses up to 25 May 2018, being the date of completion of the disposal of Profitstart Group Limited.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

UNAUDITED STATEMENTS OF FINANCIAL POSITION

(RMB'000)	Group		Company	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
CURRENT ASSETS				
Bank and cash balances	1,040	3,098	1,040	3,098
	1,040	3,098	1,040	3,098
Total assets	1,040	3,098	1,040	3,098
EQUITY				
Issued capital	56,595	56,595	56,595	56,595
Share premium	2,956,308	2,956,308	2,956,308	2,956,308
Foreign currency translation reserve	43,125	43,125	43,125	43,125
Contributed surplus	31,494	31,494	31,494	31,494
Accumulated loss	(3,091,132)	(3,088,174)	(3,091,132)	(3,088,174)
	(3,610)	(652)	(3,610)	(652)
LIABILITIES				
Current liabilities				
Accruals and other payables	4,650	3,750	4,650	3,750
	4,650	3,750	4,650	3,750
Total equity and liabilities	1,040	3,098	1,040	3,098

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 31 Dec 2019		As at 31 Dec 2018	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Interest-bearing loans	-	-	-	-

The Group does not have any outstanding borrowings and debt securities as at 31 December 2019 and as at 31 December 2018.

Details of any collateral

Not applicable.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

(RMB'000)	Group 12 months 31/12/19	Group 12 months 31/12/18
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		
Continuing operations	(2,958)	(2,502)
Discontinued operations	-	(285,588)
Adjustments for:		
Depreciation and amortisation	-	30,127
Interest expense	-	80
Interest expense	-	208,032
Interest income	-	(290)
Operating loss before working capital changes	(2,958)	(50,141)
Decrease in inventories	-	73,077
Decrease in trade receivables	-	47,326
Decrease in prepayments, deposits and other receivables	-	791
Decrease in trade payables	-	(77,054)
Increase in accruals and other payables	900	621
Cash used in operations	(2,058)	(5,380)
Income tax paid	-	(3,982)
Interest paid	-	(80)
Net cash used in operating activities	(2,058)	(9,442)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of subsidiary	-	15,124
Acquisition of property, plant and equipment	-	(3,929)
Interest received	-	290
Net cash used in investing activities	-	11,485
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash distribution	-	(22,400)
Net cash used in financing activities	-	(22,400)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,058)	(20,357)
Effect of foreign exchange rate changes	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	3,098	23,455
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	1,040	3,098
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	1,040	3,098
Less: Fixed bank deposits over three months	-	-
Cash and cash equivalents	1,040	3,098

Note 1: The discontinued operations refer to the Target Group classified as held for sale under IFRS 5.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii)changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED STATEMENTS OF CHANGES IN EQUITY – ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(RMB'000)	Issued Capital	Share Premium	Statutory Reserve	Foreign currency translation Reserve	Contributed Surplus	Revaluation Reserve	Retained Profits	Total
Group – Current Period								
Balance as at 1/1/2019	56,595	2,956,308	-	43,125	31,494	-	(3,088,174)	(652)
Total comprehensive income for the financial period	-	-	-	-	-	-	(2,958)	(2,958)
Balance as at 31/12/2019	56,595	2,956,308	-	43,125	31,494	-	(3,091,132)	(3,610)
Group – Previous Period								
Balance as at 1/1/2018	56,595	2,978,708	125,518	(27,822)	31,494	21,554	(2,866,545)	319,502
Disposal of subsidiary	-	-	(125,518)	70,947	-	(21,554)	76,125	-
Share premium reduction	-	(22,400)	-	-	22,400	-	-	-
Cash distribution	-	-	-	-	(22,400)	-	-	(22,400)
Total comprehensive income for the financial period	-	-	-	-	-	-	(297,754)	(297,754)
Balance as at 31/12/2018	56,595	2,956,308	-	43,125	31,494	-	(3,088,174)	(652)
Company – Current Period								
Balance as at 1/1/2019	56,595	2,956,308	-	43,125	31,494	-	(3,088,174)	(652)
Total comprehensive income for the financial period	-	-	-	-	-	-	(2,958)	(2,958)
Balance as at 31/12/2019	56,595	2,956,308	-	43,125	31,494	-	(3,091,132)	(3,610)
Company – Previous Period								
Balance as at 1/1/2018	56,595	2,978,708	-	43,125	31,494	-	79,770	3,189,692
Share premium reduction	-	(22,400)	-	-	22,400	-	-	-
Cash distribution	-	-	-	-	(22,400)	-	-	(22,400)
Total comprehensive income for the financial period	-	-	-	-	-	-	(3,167,994)	(3,167,994)
Balance as at 31/12/2018	56,595	2,956,308	-	43,125	31,494	-	(3,088,174)	(652)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no options granted and issue of shares pursuant to the employee's share option scheme.

There were no shares that may be issued on conversion of all the outstanding convertibles.

There were no treasury shares and subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2019 and 31 December 2018, the share capital of the Company comprised 2,800,000,000 ordinary shares.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company does not have any treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have neither been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 December 2010 ("**FY2010**").

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the applicable new/revised IFRS that are mandatory for annual periods beginning on 1 January 2019. For the current reporting period ended 31 December 2019, the adoption of the applicable new/revised IFRS did not result in material changes to the Group's results.

The Group is applying IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" on the Disposal.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Loss per share – basic (RMB cents)	12 months ended 31/12/19	12 months ended 31/12/18
Continuing operation	(0.11) (1)	(0.09) (1)
Discontinued operation	- (1)	(10.54) (1)

Notes:

(1) Loss per ordinary share for 12 months ended 31 December 2019 and 31 December 2018 were calculated based on unaudited loss attributable to shareholders divided by weighted average number of 2,800,000,000 ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group	Group	Company	Company
	31/12/19	**31/12/18**	**31/12/19**	**31/12/18**
Based on the issued capital at the end of the financial period/year (RMB cents)	(0.10)	(0.02)	(0.10)	(0.02)
Number of ordinary shares of HK$0.02 each in issue as at the end of the financial period/year in calculating net asset value	2,800,000,000	2,800,000,000	2,800,000,000	2,800,000,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Review of the Group's Performance for FY2019 as compared to the Group's Performance for FY2018

Continuing operation

Administrative expenses were professional fees incurred by the Company in connection with the reverse takeover of the Company announced in March 2019 and accrued directors' fees for FY2019.

Discontinued operation

The Company had, on 20 September 2017, entered into a conditional sale and purchase agreement with Jiayao Investments Limited in relation to the disposal of 10,000 ordinary shares, representing the entire issued capital and paid-up capital of Profitstart Group Limited (the "Target Company", and together with its subsidiaries, the "Target Group"), a wholly-owned subsidiary of the Company, for an aggregate consideration of RMB100,000,000 (the "Disposal").

The Disposal was approved by shareholders at the special general meeting of the Company held on 28 March 2018, and completed on 25 May 2018.

The results of the discontinued operation for the period 1 January 2018 to 25 May 2018, being the date of completion of the Disposal were as follows:

(RMB'000)	**1 Jan 2018 to 25 May 2018**
Revenue	602,304
Cost of goods sold	(467,487)
Gross profit	134,817
Other income	1,425
Selling and distribution expenses	(161,636)
Administrative expenses	(52,082)
Loss from operations	(77,476)
Finance costs	(80)
Loss before tax	(77,556)
Income tax expense	(9,664)
Loss attributable to shareholders	(87,220)
The loss for the period from the discontinued operation is analysed as follows:	
Loss from discontinued operation	(87,220)
Loss on disposal of discontinued operation	(208,032)
Loss attributable to shareholders	(295,252)

Loss on disposal of Profitstart Group Limited of RMB 208.0 million is calculated on the basis of the disposal consideration of RMB 100 million less net assets of the discontinued operation as at the date of disposal of RMB 300.6 million and waiver of cash distribution of RMB 7.5 million by the substantial shareholders.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Group's Financial Position as at 31 December 2019 as compared to the Group's Financial Position as at 31 December 2018

After the completion of the disposal of Profitstart Group Limited on 25 May 2018, the Company became a cash company. As at 31 December 2019, cash at bank is RMB 1.0 million and accruals and other payables is RMB 4.7 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No IPT mandate has been obtained from shareholders for the period ended 31 December 2019.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

After the completion of the disposal of Profitstart Group Limited on 25 May 2018, the Company ceased to have any operating business and is deemed to be a cash company under Rule 1018 of the Listing Manual ("Rule 1018"). The Company intends to maintain its listing status on the SGX-ST as a cash company and seek a suitable new business to be injected/acquired. In this regard, the Company has on 25 March 2019 entered into a sale and purchase agreement with Mining and Minerals Industries Holding Pte. Ltd., pursuant to which the Company shall acquire (the "Proposed Transaction") all of the issued and paid-up share capital in MMJV Pte. Ltd. The Proposed Transaction if undertaken and completed, is expected to result in a reverse takeover of the Company under Rule 1015 of the Listing Rules of the SGX-ST and will be subject to the approval of the Shareholders. Please refer to the announcement made by the Company on 25 March 2019 for further details on the Proposed Transaction and the announcements made on 25 July 2019, 8 August 2019, 2 October 2019, 7 November 2019, 14 November 2019, 31 December 2019 and 8 January 2020 for further details on the appointment of professionals in respect of the Proposed Transaction and the applications made by the Company for an extension of time to meet the requirements under Rule 1018. Although the Company will be actively pursuing the completion of the Proposed Transaction, there is no assurance that this will be achieved or that will be achieved within the time frame prescribed in Rule 1018 and there is a risk that the Company may be delisted if it is unable to meet the applicable requirements for the listing of a new business.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend had been declared or recommended for the period ended 31 December 2019.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Jiayao Investments Limited, the purchaser of Profitstart Group Limited in the Proposal Disposal, is wholly owned by Denis Wu. Denis Wu, being a sibling of Wu Rongguang, a Controlling Shareholder of the Company, is an associate of Wu Rongguang. Denis Wu and Wu Hanjie, the father of Denis Wu and Wu Rongguang, are also both substantial shareholders of the Company. Accordingly, the Disposal constitutes an "Interested Person Transaction" under Chapter 9 of the Listing Manual.

The Disposal was approved by shareholders at the special general meeting of the Company held on 28 March 2018, and completed on 25 May 2018.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2 & Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

N/A

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8 above.

16. Breakdown of sales.

N/A

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Nil.

18. Disclosure of person occupying a managerial position in the issue or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Pursuant to Rule 704(13) of the Listing Manual, the Board wishes to confirm that there are no person occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a Director, Chief Executive Officer or Substantial Shareholder of the Company.

BY ORDER OF THE BOARD

Charles Chan
Independent Director
28 February 2020

Statement Pursuant to SGX Listing Rule 720(1) of the Listing Manual

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured required undertakings to comply with the Exchange's listing rules from all the Independent Directors and Executive Officers of the Company.

On behalf of the Board of Directors

Bernard Tay
Independent Director
28 February 2020

Alfred Cheong
Independent Director