

**CHINA HONGXING SPORTS LIMITED**  
**Company Registration No. 36746**  
**Incorporated in Bermuda**

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**Monthly Update on the Company's Trading Resumption Proposal**

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1. Pursuant to the regulatory guidance by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") released on 19 October 2012, the Board of Directors ("**Board**") of China Hongxing Sports Limited ("**Company**") wishes to provide an update regarding the Company's trading resumption proposal.
2. The Board refers to the Company's announcement released on 21 January 2014 in relation to the Company's application to SGX-ST for an extension of time until 30 September 2014 to comply with the conditions set by SGX-ST in its letter dated 22 July 2013 for the resumption of trading of the Company's shares ("**Trading Resumption Conditions**").
3. The Company wishes to announce that SGX-ST has no objection to the Company's application for an extension of time until 30 September 2014 to implement the Company's trading resumption proposal.
4. The Company applied for the extension of time as it was unable to comply with the Trading Resumption Conditions for the following reasons:
  - (a) the departure of the Chief Accountant of the Company's subsidiaries in the People's Republic of China ("**PRC Subsidiaries**") and the delays in:
    - (i) the finalization of the Company's unaudited financial results for the third quarter of the financial year ended 31 December 2013;
    - (ii) the follow-up review by the Company's internal auditors; and
    - (iii) the completion of the audit of the Company's financial statements for the financial year ended 31 December 2012;
  - (b) the resignation of Mr Lan Zhongming, who was appointed as the new Chief Executive Officer ("**CEO**") of the Company and its subsidiaries ("**Group**") and Executive Director of the Company; and
  - (c) the Company has to search for, conduct the necessary due diligence, obtain approval pursuant to Rule 720(3) of the SGX-ST Listing Manual and thereafter appoint such suitably qualified persons to the key management positions of CEO and Finance Director ("**Key Management Positions**") as well as the search for a new Chief Accountant for the PRC Subsidiaries, so that the key management can implement the necessary steps to comply with the Trading Resumption Conditions.
5. The extension of time granted by SGX-ST for the Company to implement its trading resumption proposal is subject to the following conditions:
  - (a) the Company to announce the period of extension granted, the reasons for seeking the extension of time and the conditions as required under Rule 107 of the SGX-ST Listing Manual;

(b) submission of a written confirmation from the Company that the extension of time granted does not contravene any laws and regulations governing the Company and the articles of association of the Company;

(c) appointment of suitably qualified persons to the positions of key management, who must be acceptable to SGX-ST, including new appointments to the following positions:

(i) CEO; and

(ii) Financial Director,

the suitability of appointees must take into account the experience and track record of the new appointees and compliance with the SGX-ST Listing Rule 720(1) including taking into consideration, inter alia, the declarations to be submitted under Appendix 7.4.1 of the SGX-ST Listing Manual;

(d) confirmation from the Board that Mr Denis Wu Rongzhao has stepped down from all management positions and directorships and relinquished all his positions as legal representative and going forward, he will not be appointed to any management positions, directorships, as signatory or legal representative within the Group. The confirmation is required to be disclosed via SGXNet;

(e) submission of:

(i) a written confirmation from the internal auditors that they are satisfied that the Company has adequately rectified and addressed all internal control weaknesses and all the points raised in the management letter relating to the Company's internal controls and weaknesses;

(ii) a written undertaking from the Company of the following:

a. the commissioning of an annual internal controls audit by a suitable and qualified professional accounting firm until such time as the audit committee of the Company ("**Audit Committee**") is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses. Prior to the decommissioning of this annual audit, the Board is required to report to SGX-ST on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal controls audit;

b. thereafter, such audits may be initiated by the Audit Committee as and when it deems fit to satisfy itself that the Group's internal controls remain robust and effective;

c. upon completion of the internal controls audit, appropriate disclosure must be made via SGXNet on any material, price-sensitive internal controls weaknesses and any follow-up to be taken by the Board; and

(iii) a written undertaking from each of the Company's directors in the form set out in Appendix 1 hereto and an undertaking from the Company to procure the same written undertaking from any new director appointed to be Company's Board after the Company's resumption of trading;

- (f) announcement via SGXNet of the following:
- (i) the trading resumption proposal and the detailed steps taken by the Company to address the special audit (“SA”) report;
  - (ii) the opinion of the Board, with the concurrence of the Audit Committee, on the adequacy of the internal controls, addressing financial, operational and compliance risks. The basis of the opinion must be disclosed in the announcement;
  - (iii) the opinion of the Board’s confirmation that the Company is a going concern and the basis for their opinion;
  - (iv) updated financial results as required under Rule 705 of the SGX-ST Listing Manual for the outstanding and latest financial period; and
  - (v) the Board’s proposals in relation to the filing of any police reports on the matters noted in the SA report.

6. The Company will make further announcements as and when there are further developments in this respect or as required by relevant laws, regulations and guidelines.

By Order of the Board

Madelyn Kwang Yeit Lam  
Company Secretary  
27 February 2014