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

China Hongxing Ex-CEO Denis Wu Rongzhao makes RMB100 million offer to acquire Company's operating subsidiaries

Highlights:

- **The RMB100 million package comprises RMB28 million in cash, which is intended to be made available for distribution to minority shareholders only.**
- **After completion of Proposed Disposal, China Hongxing will become a clean listed shell available for a reverse takeover in future. Minority shareholders who continue to hold shares in the shell will benefit from a reverse takeover.**

SINGAPORE, 21 September 2017 – The Board of Directors of China Hongxing Sports Limited ("China Hongxing", "中国鸿星体育有限公司", the "Company", or collectively with its subsidiaries, the "Group"), wishes to announce that the Company has signed a conditional sale and purchase agreement with Jiayao Investments Limited (the "Purchaser") (the "SPA") in relation to the proposed disposal of all of the Company's businesses in China held under Profitstart Group Limited[1] (the "Proposed Disposal").

The Purchaser is wholly-owned by Mr Denis Wu Rongzhao ("吴荣照"), China Hongxing's former CEO and Executive Director, and a member of the current controlling shareholder group (the "Wu Family").

[1] Profitstart Group Limited (incorporated in the British Virgin Islands ("BVI")) wholly-owns i) Crowngain Investments Limited (incorporated in BVI) which wholly-owns Fujian Hongxing Erke Sports Goods Co., Ltd (incorporated in the People's Republic of China ("PRC") , and which in turn wholly-owns Xiamen Hongxing Erke Apparel Co., Ltd. (incorporated in the PRC); and ii) Groupnew Investments Limited (incorporated in BVI), which wholly-owns Quanzhou Hongrong Light Industry Co., Ltd. (incorporated in the PRC).

The total consideration for the Proposed Disposal shall be an amount equivalent to **RMB100 million**, which shall be satisfied in the following manner:

- **RMB28 million** (equivalent to S$5.6 million based on the agreed exchange rate) payable in cash (the "Cash Consideration") on completion;
- the Wu Family comprising Mr Wu Hanjie ("吴汉杰"), Mr Wu Rongguang ("吴荣光"), and Mr Denis Wu Rongzhao ("吴荣照"), renouncing their rights to receive any dividends arising from the distribution of the Cash Consideration. The Wu Family holds an aggregate of approximately 33% shareholding in the Company. The renounced dividends will be **up to RMB9.24 million**; and
- a waiver by Mr Denis Wu Rongzhao and Mr Wu Rongguang of all the monies owed to them by the Company, amounting to approximately **RMB64,383,000** in aggregate.

As at the date of the SPA, the Purchaser has paid the Cash Consideration in Singapore dollars into an escrow account held by a Singapore law firm acting as the Escrow Agent.

Mr Alfred Cheong ("钟庆全"), Independent Director and Chairman of the Audit Committee of the Company, commented: "*There is finally some light at the end of the tunnel for minority shareholders since the voluntary suspension of China Hongxing in 2011. As the efforts to resume the trading of the Company's shares were not successful, this Proposed Disposal potentially offers some closure for minority shareholders, especially since the Company faces a possible delisting. After the completion of the Proposed Disposal, the Company will become a clean listed shell, which will be available for a reverse takeover in future.*"

Mr Chan Wai Meng ("陈伟明"), Independent Director and Chairman of the Nomination Committee of the Company added: "*We have gone through much difficulties in the past six years, since the trading suspension in February 2011. Given the past and present circumstances, I am hopeful that the deal we did with Jiayao Investments will meet with shareholders' approval. We will also do our best to source for and present a reverse takeover deal to shareholders in the*

future. This will give shareholders more value in addition to what they will get from the current deal."

Mr Bernard Tay ("郑桎光"), an Independent Director and Chairman of the Remuneration Committee of the Company concluded: "*After six years of trading suspension, this proposal is a step towards a good outcome.*"

In addition to all necessary corporate and regulatory approvals, the Proposed Disposal is conditional upon the approval of shareholders of the Company (the "Shareholders") at an extraordinary general meeting to be convened for the Proposed Disposal. The Board will be appointing an independent financial adviser ("IFA") to provide an opinion on whether the terms of the Proposed Disposal are on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. The Board is targeting to complete the Proposed Disposal by 20 December 2017, and intends to distribute at least 80% of the Cash Consideration as dividends to minority Shareholders within three months after completion.

A circular containing all the relevant details, together with the IFA's opinion and recommendation of the Independent Directors, will be dispatched to the Shareholders in due course.

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Note: This media release is to be read in conjunction with the SGXNet announcement released on 21 September 2017.

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