CHINA HONGXING SPORTS LIMITED

Company Registration No. 36746

Incorporated in Bermuda

FURTHER INFORMATION ON THE RESPONSE TO SGX QUERIES RELEASED ON 16 NOVEMBER 2017

The Board of Directors (***Board***) of China Hongxing Sports Limited (***Company***) refers to the Company's response to queries from Singapore Exchange Securities Trading Limited (***SGX-ST***) released on 16 November 2017 (***Announcement***) and the further information requested by the SGX-ST on 21 November 2017 relating to the Announcement.

The Board wishes to provide the following information in response to the queries from the SGX-ST as follows:

SGX Query 1:

Please disclose the full names and identities of distributors who are significant debtors, as well as the corresponding amounts owed to the Company by each distributor.

Company's Response:

List of the significant debtors as below:

Name	Distributor for	Amounts owed as at 30 Sep 2017 RMB'million
Guangzhou Baowei Yuda Sports Goods Co. Ltd.	Guangdong	27
Xiamen Xingxin Trading Co. Ltd.	Fujian	24
Shandong Baowei Yuda Sports Goods Co. Ltd.	Shandong	18
Xiamen Lemai Internet Technology Co Ltd	Fujian E-commerce	14
Hangzhou Rongwei Sports Goods Co. Ltd.	Hangzhou	12

SGX Query 2:

Please explain why “Trade payables” for the “purchase of materials of sports shoes” and “payable to outsourcing vendors for sports apparels” have increased when revenue has decreased.

Company’s Response:

The Company has negotiated with several raw material suppliers for longer credit period and settlement were due end of 2017.

SGX Query 3:

It was disclosed that “major items of Accruals and other payables were salaries payable, Value Added Tax payable, accrual for staff housing fund, accrual for directors’ fees”. Please quantify the amounts payable for each item.

Company’s Response:

The components of Accruals and other payables as at 30 September 2017 were:

	RMB’million
Salaries payable	28.0
Accrual for staff housing fund	40.0
Accrual for tax liabilities	55.0
Value Added Tax payable	41.2
Accrual for directors’ fees	3.8
Other accruals	11.4
Total	179.4

SGX Query 4:

It was disclosed that “To maintain market share, the Group needs to refurbish the outlets regularly”, and “the plan includes refurbishment for new ERKE POS and upgrade of existing profit-making ERKE POS”. Please provide details on:

a. how the outlets are selected;
b. the frequency of refurbishment for the outlets;
c. when the selected outlets were last refurbished;
d. how many outlets were refurbished in 3Q2017; and
e. what is the expenditure to be incurred for the remaining outlets and what will it involve.

Company's Response:

a. the Company will review which stores were still in 7th generation outlet style and will take into account store location, store performance, their last refurbishment time before refurbishment to upgrade to 8th generation outlet style;
b. the Company has lowered the refurbishment frequency in the past years;
c. About 3 years before;
d. 31 outlets were refurbished in 3Q2017
e. The Company did not have a concrete plan yet for further refurbishment in the coming year.

SGX Query 5:

Please disclose the full names and identities of the "customers with debts aged over 6 months" that were written off.

Company's Response:

Out of 37 customers as at 30 September 2017, 33 have a portion of their debts aged over 6 months. These were written off for accounting prudence reasons. The Company is of the view that it is not necessary to disclose the names of these 33 customers.

SGX Query 6:

It was stated that "the Company needs them to sell our products". Please explain why the Company is selling to customers that do not pay for their purchases and have not paid for almost a year, noting the sales were since 4Q2016 and 1Q2017.

Company's Response:

It is only for prudent accounting that we write off debt over 180 days. The Company will continue to chase the payment and there is hope that they will pay but much later. If the Company stops trading with them, there is no hope of collecting these debts.

SGX Query 7:

Please disclose, as a percentage of total sales, how significant the sales are to each of these customers in 2017.

Company's Response:

These customers, who have debts aged over 6 months written off, contributed to about 95% of sales in the nine months ended 30 September 2017.

By Order of the Board
Madelyn Kwang Yeit Lam
Company Secretary
23 November 2017