



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

China Hongxing to acquire gold mine projects in the Philippines

SINGAPORE, 25 March 2019 – 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 (the “**S&P Agreement**”) with Mining and Mineral Industries Holding Pte. Ltd. (the “**Vendor**”), to acquire (the “**Proposed Transaction**”) the issued and paid-up share capital in MMJV Pte. Ltd. (the “**Target Company**”).

The Target Company is a Singapore registered company that holds two (2) joint venture agreements (the “**JV Agreements**”) to own two gold mine concessions in the Philippines, namely:

- (a) a 761.40 hectare gold mine project located in the province of Misamis Oriental, Philippines (“**Mindanao Project**”); and
- (b) a 3619.10 hectare gold mine project located in the towns of Cordon and Diadi in the provinces of Isabela and Nueva Vizcaya, Philippines (“**Luzon Project**”).

The Mindanao Project presents an opportunity for MMJV to acquire a gold mine project with significant upside potential. The intermediate sulphidation epithermal veins in the Mindanao Project have the most immediate and significant gold resource potential and there is significant exploration upside in undiscovered veins and a major upside in the discovery of the source porphyry Cu-Au deposit at depth. All of the current geological information such as the presence of advanced argillic alteration and porphyry “B” veins in phyllic altered rocks point to a telescoped

system where the source porphyry could possibly be within a few hundred metres from the surface.

The Luzon Project is situated at the southwest end of the Cagayan Valley basin and at the southeastern foothills of the Luzon Cordillera. It is within a north-south trending alkalic magmatic arc of Oligo-Miocene age. This magmatic arc is believed to be related to the subduction along the East Luzon trough and it is a host to a number of known deposits such as the Didipio breccia-hosted porphyry Cu-Au and the Runruno poly-metallic gold deposit. The Target Company believes that by sheer proximity alone, any ore extensions, both underground and in the surface, will persist into the Luzon Project in any direction.

The Proposed Transaction would allow the Company to apply to SGX-ST for an extension of time and removal of its cash company status. The Board of the Company therefore believes that the Proposed Transaction will provide an opportunity for the Company to remain listed and to acquire a new business with the potential for growth.

Mr Alfred Cheong (“钟庆全”), Independent Director and Chairman of the Audit Committee of the Company, commented: “We hope that this Proposed Transaction will bring a better closure for everyone. The Proposed Transaction will be able to bring new value to all shareholders of China Hongxing as the Company embarks on a new and exciting journey with the newly injected business.”

The consideration payable for the Target Company shall be the lower of S\$100 million and the valuation set up by the Independent Qualified Person’s Valuation Report less the discount rate agreed between the parties prior to completion. The Consideration will be satisfied by the allotment and issuance of new ordinary shares in the capital of the Company to the Vendor at an issue price of S\$0.00357 per consideration share.

After which, the Company shall undertake a consolidation of every 100 CHSL Shares into one (1) consolidated CHSL Share (“**Consolidated CHSL Share**”) (or such other ratio as the Parties may agree in writing) which shall take effect on or before Completion (“**Proposed Share Consolidation**”).

Furthermore, the Vendor may also take reasonable steps to acquire other assets to be held by the Target Company to be included in the Proposed Transaction and these assets shall be valued as per an independent qualified person’s valuation report less a reasonable discount to be mutually agreed between the parties.

Mr Ashok Agrawal, Director of Mining and Mineral Industries Holding, commented: “The Philippines holds the world’s second largest gold reserve and foreign mining firms are lining up to gain access to these untapped reserves.¹ As an early mover, we have two high potential projects in hand and in advance negotiation for other high potential projects. The Proposed Transaction will give us the opportunity to take all these projects forward.”

The Proposed Transaction is subject to conditions precedent in the S&P agreement, the necessary corporate and regulatory approvals, and the approval of shareholders of the Company at an extraordinary general meeting to be convened for the Proposed Transaction.

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Note: This media release is to be read in conjunction with the SGXNet announcement released on 25 March 2019.

¹ <https://www.forbes.com/sites/ralphjennings/2015/04/05/trillion-dollar-goldmine-for-philippine-economy-emerging-from-murky-pit/#6ab2185425cf>

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