



CHINA HONGXING SPORTS LIMITED

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NEWS RELEASE

CHINA HONGXING SECURES SPONSORSHIP AGREEMENTS WITH NORTH KOREAN NATIONAL TEAMS

- **Official sponsor for the North Korean Olympics Team and North Korean national women's soccer team**
- **Part of overall drive to increase brand visibility through securing more sponsorship deals for sporting events and teams**

Singapore, January 17, 2007 – China Hongxing Sports Limited (“中国鸿星体育有限公司”) (“China Hongxing” or “the Group”), today announced that the Group has signed a sponsorship agreement with the Olympic Committee of North Korea to be the official sportswear sponsor for the North Korean national team in the Beijing 2008 Olympic Games.

Separately, the Group has also secured a two-year sponsorship deal with the North Korean women's national soccer team, which will be participating in the FIFA Women's World Cup 2007.

Mr Wu Rongguang (吴荣光), CEO and Executive Director of China Hongxing, said, “We believe our sponsorship of the North Korean national team for the upcoming Olympic Games will enable the Group to further enhance the profile of our Erke brand in this major sporting event. We are confident that our increased brand visibility will allow us to capture a bigger share of the growing PRC sporting goods market in the run-up to the Beijing 2008 Olympics.”

Under the terms of the agreement, China Hongxing will be the main sponsor of sports footwear, apparel and accessories for the North Korean national team fielded in the Beijing 2008 Olympic Games. Some of the key Olympics sporting events that the North Korean athletes will be participating include gymnastics, table-tennis, boxing and soccer. The North Korean athletes will be wearing Erke's sports footwear, apparel and accessories during all Olympic-related events from 2007 to 2008.

The Group's two-year sponsorship deal with the North Korean Women's national soccer team will coincide with the team's participation in the FIFA Women's World Cup. The tournament will be held in China in September 2007.

Mr Wu added: "This national team sponsorship agreement is part of the Group's drive to shift our sponsorship and branding focus towards the sponsoring of promising sports events, sporting teams and athletes. We are currently actively exploring various sponsorship opportunities with other teams and athletes to cover a wider range of sporting activities and events.

We believe our increased sponsorship efforts will take Erke another step closer to becoming a leading brand of high performance sporting goods and in turn further spur the demand for our products."

The sponsorship will be funded by internal resources of the Group and is not expected to have a material impact on the earnings per share and the net tangible assets per share of the Group for the financial year ending December 31, 2007.

About China Hongxing

Established in 2000, the Group is primarily engaged in the design, manufacture and sale of an extensive range of sports footwear, as well as the sale of a wide range of sports apparel and sports accessories, which are sold under its "Erke" brand in the PRC via its distribution network in the PRC.

The Group manufactures its sports footwear at its production facilities in Quanzhou City, the PRC and has a current annual production capacity of approximately 11.7 million pairs of sports footwear. The manufacture of sports apparel, sports accessories and a portion of its sports footwear are subcontracted to selected contract manufacturers who meet the quality and design requirements of the Group.

To create greater awareness and profiling of its “Erke” brand to consumers, the Group is actively involved in various advertising and promotion activities, advertising its products in print media such as magazines and newspapers, on TV media, and on websites. The Group has gone on to sponsor sporting events such as the Women’s Tennis Association tour that will enhance its brand visibility across the PRC.

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