



CHINA SPORTS INTERNATIONAL LIMITED

Incorporated in Bermuda
(Company Registration: 39798)

SUCCESS IN PRC COURTS AGAINST INFRINGERS

Background

We refer to our announcement released on 14 May 2011 (Announcement 00010) where we disclosed that the intellectual property utilised in our breathable shoes (the “**Design Patent**”) belong to Mr Lin Yongjian (林永健) (the “**Licensor**”), the father of Mr Lin Shaoxiong (林少雄), our Chairman and Chief Executive Office; and Mr Lin Shaoqin (林少钦), our Executive Director. As stated in the announcement, Mr Lin Yongjian had on a goodwill basis allowed our Group (being the China Sports International Limited (the “**Company**”, or “**we**”), together with its subsidiaries) to utilize the Design Patent till 30 September 2011.

On 12 December 2011, we had also announced (Announcement 00101) that the Company has on 10 December 2011 entered into a Technology License Contract (the “**Contract**”) with the Licensor under which the Company has been granted the license to use the patent technologies (including the Design Patent) by the Licensor.

Commencement of Legal Proceedings

Our wholly-owned subsidiary, YELI Sports (China) Co., Ltd. (野力(中国)有限公司) (“**YELI Sports**”) noted that the Design Patent had been infringed in China by parties who copied, manufactured and sold shoes with designs and features similar to the products of YELI Sports. YELI Sports authorised Mr Lin to commence proceedings in China, in its stead, against several infringers, including Fujian Bestwolf Sports Goods Co., Ltd. (福建鹰山狼体育用品有限公司) (“**Bestwolf**”) and Beijing Tian Lan Li Ze Trading Co., Ltd. (北京天兰丽泽商贸有限公司) (“**Tian Lan Li Ze**”) (the “**Authorisation**”).

The Licensor initiated legal proceedings against these infringers (including Bestwolf and Tian Lan Li Ze) at Fujian Quanzhou Intermediate People’s Court (“**Quanzhou Court**”).

Results of Legal Proceedings

Quanzhou Court ruled in favour of the Licensor and the first defendant, Bestwolf, has been barred from producing any infringement products. Bestwolf is further obliged to destroy the remaining inventory and manufacturing mould and compensate the Licensor for the amount of RMB50,000. The second defendant, Tian Lan Li Ze, has also been barred from selling any infringing products.

After mediation by the Quanzhou Court, the Licensor settled the claims against the other infringers. Pursuant to the settlement, these infringers have undertaken not to infringe the Design Patent and have also agreed to make monetary compensation to the Licensor.

Pursuant to the terms of the Authorisation, the Licensor will pay all damages received in the legal proceedings to YELI Sports.

**BY ORDER OF THE BOARD
LIN SHAOXIONG
CHIEF EXECUTIVE OFFICER
1 FEBRUARY 2012**