



**Unaudited Results for the Fourth Quarter and the Year ended 31 December 2009**

**PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a)(i) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Our Group's operations are principally conducted in the People's Republic of China ("PRC"). Accordingly, the consolidated financial statements have been prepared in Chinese Renminbi ("RMB"), being the functional currency of our Group.

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2009**

(RMB '000)	Fourth Quarter		Change %	Full Year		Change %
	Unaudited 2009	Unaudited 2008		Unaudited 2009	Unaudited 2008	
Revenue	397,274	505,120	(21.4)	1,904,799	1,859,712	2.4
Cost of sales	(346,517)	(422,520)	(18.0)	(1,613,983)	(1,473,461)	9.5
Gross profit	50,757	82,600	(38.6)	290,816	386,251	(24.7)
Other operating income	919	574	60.1	2,879	3,256	(11.6)
	51,676	83,174		293,695	389,507	
Selling and distribution expenses	(38,981)	(41,446)	(5.9)	(110,800)	(113,903)	(2.7)
Administrative expenses	23	3,722	(99.4)	(21,359)	(18,341)	16.5
Other operating expenses	-	(6,076)	NM	-	(6,076)	NM
Finance costs	(362)	(460)	(21.3)	(1,372)	(904)	51.8
Profit before income tax	12,356	38,914	(68.2)	160,164	250,283	(36.0)
Taxation	(2,002)	(8,675)	(76.9)	(37,563)	(65,348)	(42.5)
Profit for the period/year	10,354	30,239	(65.8)	122,601	184,935	(33.7)
Gross profit margin	12.8%	16.4%		15.3%	20.8%	
Profit before income tax margin	3.1%	7.7%		8.4%	13.5%	
Net profit margin	2.6%	6.0%		6.4%	9.9%	

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2009**

(RMB '000)	Fourth Quarter		Change %	Full Year		Change %
	Unaudited 2009	Unaudited 2008		Unaudited 2009	Unaudited 2008	
Profit for the period/year	10,354	30,239	(65.8)	122,601	184,935	(33.7)
Other comprehensive income for the period/year						
Exchange differences on translating foreign operations	529	51	937.3	1,608	51	3,052.9
Total comprehensive income for the period/year	10,883	30,290		124,209	184,986	

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**1(a)(ii) Other Information**

Our Group's profit before income tax is arrived at after (charging)/crediting the following:-

(RMB '000)	Fourth Quarter		Change %	Full Year		Change %
	2009	2008		2009	2008	
(a) Income statement includes the following:						
Interest on borrowings	(362)	(460)	(21.3)	(1,372)	(904)	51.8
Depreciation of property, plant and equipment	(13,077)	(26,467)	(50.6)	(41,452)	(34,152)	21.4
Amortisation of land use rights	(15)	(15)	-	(63)	(63)	-
Amortisation of intangible assets	(39)	(271)	(85.6)	(57)	(823)	(93.1)
Property, plant and equipment written off	-	(852)	(100.0)	-	(893)	(100.0)
Exchange loss	(902)	(264)	241.7	(958)	(127)	654.3
Intangible asset written off	-	(5,056)	(100.0)	-	(5,056)	(100.0)
Lease payments under operating lease for leasehold buildings	(615)	(615)	-	(2,460)	(2,460)	-
Salaries and related costs						
- Director remuneration	(561)	5,256	(110.7)	(2,220)	(4,325)	(48.7)
- Key personnel	(380)	(262)	45.0	(1,337)	(1,133)	18.0
(b) Other operating income comprises mainly:						
Interest income	919	574	60.1	2,879	3,256	(11.6)

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1(b)(i) A balance sheet (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

**STATEMENT OF FINANCIAL POSITION**

	Group Unaudited As at 31/12/2009	Group Audited As at 31/12/2008	Company Unaudited As at 31/12/2009	Company Audited As at 31/12/2008
<b>(RMB '000)</b>				
<b>Non-current assets</b>				
Property, plant and equipment	79,270	106,227	27	18
Land use rights/Intangible assets	2,791	2,864	-	-
Investment in subsidiary	-	-	406,617	406,617
	<u>82,061</u>	<u>109,091</u>	<u>406,644</u>	<u>406,635</u>
<b>Current assets</b>				
Inventories	25,471	26,156	-	-
Amount due from subsidiary	-	-	104,037	34,001
Trade receivables	163,736	281,216	-	-
Prepayments, other receivables and deposits	26,999	9,469	12	18
Pledged bank deposits	-	3,000	-	-
Cash and cash equivalents	901,880	544,597	9,734	4,252
	<u>1,118,086</u>	<u>864,438</u>	<u>113,783</u>	<u>38,271</u>
<b>Less: Current liabilities</b>				
Trade and bills payables	146,370	107,278	-	-
Amount owing to director	41,542	17,779	41,542	6,299
Accrued liabilities and other payables	54,492	36,834	2,984	1,764
Amount owing to subsidiary	-	-	3,795	-
Interest-bearing bank borrowings	10,000	40,901	-	33,901
Provision for income tax	1,263	8,370	-	-
	<u>253,667</u>	<u>211,162</u>	<u>48,321</u>	<u>41,964</u>
<b>Net current assets/(liabilities)</b>	<u>864,419</u>	<u>653,276</u>	<u>65,462</u>	<u>(3,693)</u>
<b>Net assets</b>	<u>946,480</u>	<u>762,367</u>	<u>472,106</u>	<u>402,942</u>
<b>Share capital and reserves</b>				
Share capital	32,352	26,419	32,352	26,419
Share premium	463,139	390,641	463,139	390,641
Merger reserves	801	801	-	-
Statutory reserves	70,075	55,437	-	-
Paid-in Capital from exchange differences	330	330	330	330
Exchange reserves	(1,099)	(2,707)	-	-
Retained earnings/(Accumulated losses)	380,882	291,446	(23,715)	(14,448)
<b>Shareholders' equity</b>	<u>946,480</u>	<u>762,367</u>	<u>472,106</u>	<u>402,942</u>
Inventory turnover (days)	6	6		
Trade receivables turnover (days)	27	42		

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**1(b)(ii) Aggregate amount of Group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

	As at 31/12/2009		As at 31/12/2008	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Bills payable	4,552	-	6,000	-
Interest-bearing loans	10,000	-	40,901	-
	<u>14,552</u>	<u>-</u>	<u>46,901</u>	<u>-</u>

**Amount repayable after one year**

	As at 31/12/2009		As at 31/12/2008	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Bills payable	-	-	-	-
Interest-bearing loans	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Details of any collateral**

The bills payable as at 31 December 2009 and interest-bearing loan for YELI Sports (China) Co., Ltd. ("YELI China") are secured over the land use rights and buildings of another subsidiary, Hengfa (Fujian) Light Industry Development Co., Ltd. ("Hengfa"). The bills payable as at 31 December 2008 is also guaranteed by bank deposits. The bills payable and interest-bearing bank loan are still outstanding as at 31 December 2009.

The interest-bearing loan of our Company amounting to approximately RMB 33.9 million as at 31 December 2008 is secured by a charge over the ordinary shares of par value HK\$ 0.04 each in the capital of the Company (the each, a "Share") owned from Mr. Lin Shaoxiong, the Executive Director, Chief Executive Officer and Chairman of our Company, and Mr. Li Tung Kwo, then a substantial shareholder of our Company. The said interest-bearing bank loan of our Company has been fully settled in 2Q 09.

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**1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**STATEMENT OF CASH FLOWS**

(RMB '000)	Fourth Quarter		Full Year	
	Unaudited 2009	Unaudited 2008	Unaudited 2009	Unaudited 2008
<b>Cashflows from operating activities</b>				
Profit before income tax	12,356	38,914	160,164	250,283
Adjustments for:				
Interest income	(919)	(574)	(2,879)	(3,256)
Depreciation of property, plant and equipment	13,077	26,467	41,452	34,152
Amortisation of land use rights/intangible assets	54	286	120	886
Property, plant and equipment written off	-	852	-	893
Intangible asset written off	-	5,056	-	5,056
Interest expenses	362	460	1,372	904
Exchange difference in translation	1,589	51	1,608	51
Operating profit before working capital changes	26,519	71,512	201,837	288,969
(Increase)/decrease in inventories	(2,689)	(3,642)	685	(3,847)
(Increase)/decrease in trade receivables and other receivables	(15,529)	(36,926)	104,950	(65,669)
Increase/(decrease) in trade payables	19,526	(35,009)	40,570	39,044
Increase/(decrease) in accrued liabilities and other payables	19,140	(38,314)	17,658	(2,935)
Cash generated from/(used in) operations	46,967	(42,379)	365,700	255,562
Interest received	919	574	2,879	3,256
Interest paid	(362)	(460)	(1,372)	(904)
Income tax paid	(6,453)	(19,143)	(49,670)	(71,732)
<b>Net cash generated from/(used in) operating activities</b>	<b>41,071</b>	<b>(61,408)</b>	<b>317,537</b>	<b>186,182</b>
<b>Cashflows from investing activities</b>				
Acquisition of land use rights/Intangible assets	-	(62)	(47)	(235)
(Increase)/decrease in pledged deposits	3,000	(3,000)	3,000	(3,000)
Purchases of property, plant and equipment	-	(28,717)	(14,495)	(80,741)
<b>Net cash generated from/(used in) investing activities</b>	<b>3,000</b>	<b>(31,779)</b>	<b>(11,542)</b>	<b>(83,976)</b>
<b>Cashflows from financing activities</b>				
(Decrease)/increase in amount owing to director	(2,745)	17,023	23,763	17,023
Dividend paid	-	-	(18,527)	(31,327)
Increase/(decrease) in bills payable	1,522	6,000	(1,478)	6,000
Proceeds from bank loans	-	33,901	10,000	40,901
Repayment of bank loans	(10,000)	-	(40,901)	(8,560)
Proceeds from issue of new shares	-	-	81,029	-
Issue of new shares expenses	-	-	(2,598)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(11,223)</b>	<b>56,924</b>	<b>51,288</b>	<b>24,037</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>32,848</b>	<b>(36,263)</b>	<b>357,283</b>	<b>126,243</b>
<b>Cash and cash equivalents at beginning of period/year</b>	<b>869,032</b>	<b>580,860</b>	<b>544,597</b>	<b>418,354</b>
<b>Cash and cash equivalents at end of period/year</b>	<b>901,880</b>	<b>544,597</b>	<b>901,880</b>	<b>544,597</b>

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<b>(RMB '000)</b>	<b>Fourth Quarter</b>		<b>Full Year</b>	
	<b>Unaudited 2009</b>	<b>Unaudited 2008</b>	<b>Unaudited 2009</b>	<b>Unaudited 2008</b>
<b>Analysis of the balances of cash and cash equivalents</b>				
Cash and bank balances	901,880	544,597	901,880	544,597
Cash and cash equivalents per share (Cents)	<u>107.10</u>	<u>80.84</u>	<u>107.10</u>	<u>80.84</u>
Number of shares at balance sheet date	842,125,000	673,700,000	842,125,000	673,700,000

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**1(d)(i) A statement (for the Group and Company) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

(RMB '000)	Share Capital	Share Premium	Merger Reserves	Paid-in Capital		Statutory Reserve	Retained Profits/ (Accumulated Loss)	Total
				From Exchange Differences	Exchange Reserves			
<b>Group</b>								
At 1 January 2008	26,419	390,641	801	330	(2,758)	35,833	157,442	608,708
First and final dividend paid	-	-	-	-	-	-	(31,327)	(31,327)
Transfer to statutory reserves	-	-	-	-	-	19,604	(19,604)	-
Total comprehensive income for the year	-	-	-	-	51	-	184,935	184,986
At 31 December 2008	26,419	390,641	801	330	(2,707)	55,437	291,446	762,367
At 1 January 2009	26,419	390,641	801	330	(2,707)	55,437	291,446	762,367
First and final dividend paid	-	-	-	-	-	-	(18,527)	(18,527)
Issue of shares	5,933	72,498	-	-	-	-	-	78,431
Transfer to statutory reserves	-	-	-	-	-	14,638	(14,638)	-
Total comprehensive income for the period	-	-	-	-	1,608	-	122,601	124,209
At 31 December 2009	32,352	463,139	801	330	(1,099)	70,075	380,882	946,480
<b>Company</b>								
At 1 January 2008	26,419	390,641	-	330	-	-	(3,452)	413,938
First and final dividend paid	-	-	-	-	-	-	(31,327)	(31,327)
Total comprehensive income for the year	-	-	-	-	-	-	20,331	20,331
At 31 December 2008	26,419	390,641	-	330	-	-	(14,448)	402,942
At 1 January 2009	26,419	390,641	-	330	-	-	(14,448)	402,942
First and final dividend paid	-	-	-	-	-	-	(18,527)	(18,527)
Issue of shares	5,933	72,498	-	-	-	-	-	78,431
Total comprehensive income for the period	-	-	-	-	-	-	9,260	9,260
At 31 December 2009	32,352	463,139	-	330	-	-	(23,715)	472,106

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### Unaudited Results for the Fourth Quarter and the Year ended 31 December 2009

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**1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

#### **RIGHTS ISSUE**

In September 2009, our Group completed a rights issue of 168,425,000 Shares at an issue price of S\$0.10 each on the basis of one rights share for every four existing Shares ("Rights Issue"). The new Shares were listed on the Official List of the SGX-ST Mainboard on 15 September 2009.

The Rights Issue raised approximately S\$16.1 million in net proceeds, of which approximately S\$15.0 million or RMB70.8 million will be injected into our wholly-owned subsidiary in PRC, YELI China, to meet the capital injection deadline of 13 December 2009. YELI China has since completed its capital injection requirement in September 2009. Following the completion of the capital injection, YELI China is now entitled to tax exemption for its first two profit making years and a 50% reduction in its income tax payable for the following three years under the applicable foreign enterprise tax law. Barring any unforeseen circumstances, these tax savings are expected to contribute positively to the results of our Group should YELI China remain profitable over the relevant periods.

The Rights Issue proceeds will be used to upgrade and expand our Group's distribution network, fund the advertising and promotional activities ("A&P") to promote the YELI (野力) brand and for general working capital purposes.

#### **Issued ordinary shares of par value HK\$ 0.04 each**

	Number of Shares	
	2009	2008
Balance at 1 January 2009	673,700,000	673,700,000
Issuance of Shares arising from Rights Issue	<u>168,425,000</u>	-
Balance at 31 December 2009	<u>842,125,000</u>	<u>673,700,000</u>

There were no outstanding convertibles or treasury shares held as at 31 December 2009 and 31 December 2008.

**1(d)(iii) To show the total number of issued shares (excluding treasury shares) as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company's total number of issued Shares as at 31 December 2009 and 31 December 2008 was 842,125,000 and 673,700,000 fully paid-up Shares, respectively of par value HK\$ 0.04 each fully paid-up.

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- 1(d)(iv) **A statement showing all sales, transfers disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have not been audited or reviewed by our Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Our Group has applied the same accounting policies and methods of computations for the current reporting period consistent with those of the most recent audited financial statement as at 31 December 2008 except for the adoption of the new and revised Financial Reporting Standards ("FRS") as mentioned in paragraph 5 below.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The new and revised FRS which took effect from the current financial year are assessed to have no material impact to the results or the opening balances of the accumulated profit of our Group and of our Company for the year ended 31 December 2009. Our Company will also report our segmental results for the year ended 31 December 2009.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Fourth Quarter		12 Months	
	2009	2008	2009	2008
Profit after income tax (RMB'000)	10,354	30,239	122,601	184,935
Basic earnings per Share (RMB cents)	1.23	4.09	16.94	25.01

The basic earnings per Share is calculated based on profit after income tax divided by the weighted average ordinary shares for the three months ended 31 December 2009 ("4Q 09") and the year ended 31 December 2009 ("FY2009") of 842,125,000 Shares and 723,535,342 Shares respectively. The weighted average ordinary shares for the three months ended 31 December 2008 ("4Q 08") and the year ended 31 December 2008 ("FY2008"), as a result of the Rights Issue exercise which was completed in September 2009, is restated as 739,426,829 Shares for comparative purposes. There is no difference between the basic and diluted earnings per Share.

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7. **Net asset value (for the Group and the Company) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>As at 31 Dec 2009</b>	<b>As at 31 Dec 2008</b>	<b>As at 31 Dec 2009</b>	<b>As at 31 Dec 2008</b>
Net asset value as at the end of the respective period (RMB'000)	946,480	762,367	472,106	402,942
Issued share capital at the end of financial period/year	842,125,000	673,700,000	842,125,000	673,700,000
Net asset value per share (RMB cents)	112.39	113.16	56.06	59.81

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**  
**(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**Commentary on Financial Results****Revenue**

For 4Q 09, our Group recorded revenue of approximately RMB 397.3 million, a decrease of approximately RMB 107.8 million or 21.4% over revenue of approximately RMB 505.1 million for the previous corresponding period 4Q 08. For FY2009, revenue increased by approximately RMB 45.1 million or 2.4% to RMB 1,904.8 million from RMB 1,859.7 million in the previous year FY2008.

The increase in revenue in FY2009 was mainly attributable to:

- (i) the upgrade and opening of more of our specialty stores;
- (ii) the increase in sales of YELI apparel; and
- (iii) the launch of YELI accessories in August 2008.

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*Breakdown of revenue by business lines:*

<b>(RMB million)</b>	<b>4Q 09</b>	<b>%</b>	<b>4Q 08</b>	<b>%</b>	<b>FY2009</b>	<b>%</b>	<b>FY2008</b>	<b>%</b>
Footwear	319.6	80.4	400.1	79.2	1,506.3	79.1	1,503.6	80.9
Apparel	73.8	18.6	101.4	20.1	385.2	20.2	348.1	18.7
Accessories	3.9	1.0	3.6	0.7	13.3	0.7	8.0	0.4
Total Sales	397.3	100.0	505.1	100.0	1,904.8	100.0	1,859.7	100.0

*Breakdown of footwear revenue by segment:*

<b>(RMB million)</b>	<b>4Q 09</b>	<b>%</b>	<b>4Q 08</b>	<b>%</b>	<b>FY2009</b>	<b>%</b>	<b>FY2008</b>	<b>%</b>
YELI footwear	212.6	66.5	264.4	66.1	1,115.9	74.1	1,109.2	73.8
OEM footwear	107.0	33.5	135.7	33.9	390.4	25.9	394.4	26.2
Total footwear	319.6	100.0	400.1	100.0	1,506.3	100.0	1,503.6	100.0

In FY2009, footwear products recorded approximately RMB 1,506.3 million in sales representing a slight increase of approximately RMB 2.7 million or 0.2% over sales of footwear products of approximately RMB 1,503.6 million for FY2008. The increase was due mainly to the successful implementation of our Group's strategy to build up awareness and enhance our YELI brand value. The proportion of YELI footwear revenue over total footwear revenue had slightly increased to 74.1% in FY2009 down from 73.8% in FY2008. Though our Group had the above favourable factors on accelerating the growth of our sales, due to the intense competition together with the weak consumer demand, our Group had lower its average selling price for our YELI footwear product to enable our distributors to capture greater market share. These had resulted a slightly increase in the revenue growth in YELI footwear products.

In FY2009, our YELI apparel sales was approximately RMB 385.2 million which represented approximately 25.4% and 20.2% of our YELI revenue and of our total revenue respectively as compared to approximately 23.8% and 18.7% of our YELI revenue and our total revenue in FY2008. In FY2009, our YELI accessories sales was approximately RMB 13.3 million which represented 0.9% and 0.7% of our YELI revenue and our total revenue in FY2009 respectively as compared to only approximately 0.5% and 0.4% of our YELI revenue and our total revenue in FY2008.

In 4Q 09, our Group recorded footwear revenue of approximately RMB 319.6 million, a decrease of approximately RMB 80.5 million or 20.1% over revenue of approximately RMB 400.1 million for 4Q 08. The decrease was mainly due to weaker consumer demand which resulted in our Group decreasing our average selling price to enable our distributors to capture greater market share under the present challenging retail market conditions and the weaker consumer demand in 4Q 09. In 4Q 09, our Group recorded YELI footwear revenue of approximately RMB 212.6 million, a decrease of approximately RMB 51.8 million or 19.6% over revenue of approximately RMB 264.4 million for 4Q 08. The decrease in YELI footwear revenue is due mainly to the decrease in average selling price to enable our distributors to capture greater market share under the challenging retail market conditions and the weaker consumer demand in 4Q 09. In 4Q 09, our Group recorded OEM footwear revenue of

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approximately RMB 107.0 million, a decrease of approximately RMB 28.7 million or 21.1% over revenue of approximately RMB 135.7 million for 4Q 08.

In 4Q 09 the weaker consumer demand also affected the revenue for YELI apparel and YELI accessories revenue. In 4Q 09, our Group recorded apparel revenue of approximately RMB 73.8 million, a decrease of approximately RMB 27.6 million or 27.2% over revenue of approximately RMB 101.4 million in 4Q 08. Our Group recorded accessories revenue of approximately RMB 3.9 million in 4Q 09, a slight increase of approximately RMB 0.3 million or 8.3% over revenue of approximately RMB 3.6 million in 4Q 08.

*Number of sales outlets for our YELI products in the PRC:*

	<b>FY2009</b>	<b>FY2008</b>	<b>Growth</b>
Points of sale	Over 1,975*	Over 2,260*	(13)%
YELI specialty stores	Over 580	Over 400	45%

\* The above numbers of points of sale were compiled by aggregating the numbers of sales outlets provided to us by each of our distributors. The numbers of points of sale include YELI specialty stores.

The distribution network for our YELI products in the PRC decreased by approximately 13% from over 2,260 points of sale as at 31 December 2008 to over 1,975 points of sale as at 31 December 2009. Over the same period, the number of specialty stores increased by 45% from over 400 to over 580. Our Group continued to execute our strategy to improve the mix of our points of sale, by reducing the number of shops-in-shops while adding more specialty stores. This is because specialty stores are mostly located at street level and have larger display area to carry a wider range of YELI products. With the increasing number of YELI specialty stores, we were able to expand the varieties of YELI products sold to our target consumers.

#### **Cost of goods sold and gross profit margin**

In line with the increase in revenue, our cost of sales increased by approximately RMB 140.5 million or 9.5% from approximately RMB 1,473.5 million in FY2008 to approximately RMB 1,614.0 million in FY2009.

The subcontracting cost (including raw materials) of the footwear products, apparel and accessories decreased slightly by approximately RMB 63.9 million or 9.8% from approximately RMB 650.0 million in FY2008 to approximately RMB 586.1 million in FY2009. The decrease was mainly due to more of the production of footwear products being shifted back from subcontractors to our Group for better quality control.

In line with the revenue decrease in 4Q 09 from 4Q 08, our cost of sales decreased by approximately RMB 76.0 million or 18.0% from approximately RMB 422.5 million in FY2008 to approximately RMB 346.5 million in FY2009.

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The subcontracting cost (including raw materials) of the footwear, apparel and accessories products decreased by approximately RMB 38.0 million or 24.9% from approximately RMB 152.9 million in 4Q 08 to approximately RMB 114.9 million in 4Q 09. The decrease was mainly due to more of the production of footwear products being shifted back from subcontractors to our Group for better quality control.

*Gross profit margin by product segment:*

	<b>4Q 09</b>	<b>4Q 08</b>	<b>Growth</b>	<b>FY2009</b>	<b>FY2008</b>	<b>Growth</b>
Footwear	10.1%	8.9%	1.2%	10.1%	17.8%	(7.7)%
Apparel	36.2%	37.5%	(1.3)%	35.8%	34.6%	1.2%
Accessories	6.5%	6.5%	-	7.1%	6.5%	0.6%
Overall GP margin	12.8%	16.4%	(3.6)%	15.3%	20.8%	(5.5)%

Our gross profit decreased by approximately RMB 95.5 million or 24.7% from approximately RMB 386.3 million in FY2008 to approximately RMB 290.8 million in FY2009. Our gross profit margin decreased from approximately 20.8% in FY2008 to 15.3% in FY2009. Our gross profit decreased by approximately RMB 31.8 million or 38.5% from approximately RMB 82.6 million in 4Q 08 to approximately RMB 50.8 million in 4Q 09. Our gross profit margin decreased from approximately 16.4% in 4Q 08 to 12.8% in 4Q 09. The decrease of the gross profit margin of our YELI footwear products were mainly attributable to the decrease of the average selling price of our footwear products to maintain competitive pricing for our distributors to capture greater market share for our YELI products. The slight increase of the profit margin in 4Q 09 was mainly due to a better average selling price as compared to 4Q 08. The gross profit margin of YELI apparel has improved in FY2009 when compared to FY2008 whilst it had slightly decreased in 4Q 09 when compared to 4Q 08. The pickup of the gross profit margin is the result of our Group's continuous efforts on research and development on our YELI apparel. The low gross profit contributed by our YELI accessories was due mainly to high overheads arising from the initial setup and development cost incurred for this new range of product. The gross profit margin for our YELI accessories is expected to improve upon achieving optimum sales quantities. When more YELI specialty stores are opened, the sales volume and the gross profit margin of the YELI accessories may increase subsequently.

**Other operating income**

Other operating income comprised of interest income from bank deposits. The decrease in other operating income in FY2009 is mainly due to lower interest rate as compared to FY2008. The increase of other operating income in 4Q 09 as compared to 4Q 08 is mainly attributed to more interest income derived from higher bank balances.

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#### Operating expenses

In total, operating expenses which comprise selling and distribution expenses and administrative expenses decreased by approximately RMB 5.1 million or 3.7% from approximately RMB 138.3 million in FY2008 to approximately RMB 133.2 million in FY2009. As a percentage of revenue, operating expenses decreased to approximately 6.9% in FY2009 from approximately 7.4% in FY2008.

In FY2009, the selling and distribution expenses was comparable with FY2008. In 4Q 09, the selling and distribution expenses increased by approximately RMB 2.4 million or 5.9% from approximately RMB 41.4 million in 4Q 08 to approximately RMB 39.0 million in 4Q 09. The increase was mainly due to the provision of rebate to encourage the distributors for attaining the point-of-sales which was partly offset by our Group reserving more resources for TV advertisements for the coming Chinese New Year.

In FY2009, the administrative expenses increased by approximately RMB 3.1 million or 16.5% from approximately RMB 18.3 million in FY2008 to approximately RMB 21.4 million in FY2009. The increase was mainly due to net currency translation loss registered and higher professional fees incurred for the rights issue exercise and the soliciting of the Fédération Internationale de Football Association ("FIFA") brand master distribution right for PRC. The increase were partly offset by no performance bonus declared to our executive directors in FY2009 as the Group's profit before taxation reported in the current financial year was lower than the amount as stated in their service agreements for the entitlement of bonus .

No other operating expenses incurred in FY2009 as compared to FY2008 was mainly attributed to no intangible assets to be written off.

#### Finance costs

Finance costs in FY2009 increased by approximately RMB 0.5 million or 51.8% from approximately RMB 0.9 million in FY2008 to approximately RMB 1.4 million in FY2009. The increase was due mainly to higher amount of outstanding bank loan in FY2009 as compared to FY2008.

#### Income tax

Income tax expense decreased by approximately RMB 27.7 million or 42.5% from approximately RMB 65.3 million in FY2008 to approximately RMB 37.6 million in FY2009. The decrease was due mainly to the decrease in profit before tax in FY2009. The effective tax rate of 23.5% in FY2009 which was 2.6% lower than FY2008 was the result of the expenses incurred outside PRC which are non-deductible for income tax being lower compared to the corresponding period in FY2008. In addition, Yeli China is entitled to tax savings under the applicable foreign enterprise tax law after completing the capital injection requirement in 3Q 09 which resulted in the lower effective tax rate for 4Q 09 and FY2009 as compared to the corresponding periods.

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

**Commentary on Financial Position**

**Non Current Assets**

Net book value of property, plant and equipment decreased by approximately RMB 26.9 million from approximately RMB 106.2 million as at 31 December 2008 to approximately RMB 79.3 million as at 31 December 2009. This was mainly attributed to the depreciation of the property, plant and equipment which was partly offset by the purchase of outlet fixtures for the use of the specialty stores.

Land use rights and intangible assets as at 31 December 2009 were about the level as at 31 December 2008. This was mainly attributed to the increase in intangible assets offsetting the amortisation of land use rights, patent and other intangible assets.

**Current Assets**

Inventories, comprised mainly raw materials, decreased by approximately RMB 0.7 million from approximately RMB 26.2 million as at 31 December 2008 to approximately RMB 25.5 million as at 31 December 2009. The level of the inventories at 31 December 2009 were comparable to 31 December 2008.

Trade receivables decreased from approximately RMB 281.2 million as at 31 December 2008 to approximately RMB 163.7 million as at 31 December 2009. The decrease in balances was mainly due to our Group's effort in collection from the customers.

Other receivables and prepayment increased from approximately RMB 9.5 million as at 31 December 2008 to approximately RMB 27.0 million. The increase in balances was mainly the advance deposit paid to a supplier to get more favourable price on our raw materials and a tax recoverable of RMB 5 million for the accrual of rebate to the distributors.

As at 31 December 2009, we had cash and cash equivalents of approximately RMB 901.9 million. The increase in cash and cash equivalents was due mainly to the net cash generated from operating activities. (Please refer to the statement of cash flow on pages 6 and 7 for further details).

The cash and cash equivalents were mainly bank deposits denominated in RMB. As at 31 December 2009, we have not entered into any financial derivative arrangements because our operations are mainly in PRC and the main operational currency is RMB.

**Current Liabilities**

Trade payables and bills payables increased from approximately RMB 107.3 million as at 31 December 2008 to approximately RMB 146.4 million as at 31 December 2009. Our Group is getting more favourable terms of payment from suppliers.

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Accrued liabilities and other payables (included wages payables, accrued utilities expenses) increased from approximately RMB 36.8 million as at 31 December 2008 to approximately RMB 54.5 million as at 31 December 2009 where the increase is due to the provision of rebate to the distributors on successfully opening specialty stores.

The increase in the amount owing to director, Mr Lin Shaoxiong, our Executive Director and Chief Executive Officer (“CEO”) of our Company, of approximately RMB 41.5 million relates to monies owing to him. It comprises his remuneration payable and a foreign currency loan provided by him to our Company to settle in full an interest bearing bank loan. This foreign currency loan had been fully repaid in January 2010.

The decrease in the amount of the bank loan as at 31 December 2009, as compared to 31 December 2008 was due to the settlement of the bank loan by our Company in 2Q 09 that amounted to approximately RMB 33.9 million and the settlement of the bank loan by Hengfa in 4Q 09 that amounted to approximately RMB 20.0 million. New bank borrowings of RMB 10.0 million were obtained by YELI China in 3Q 09.

#### 9. Use of IPO and Rights Issue Proceeds

The following table details the utilisation of IPO proceeds up to 31 December 2009:

No	Planned Usage	IPO proceeds (RMB million)	Cumulative amount used (RMB million)	Balance (RMB million)
1.	Acquisition and/or construction of new manufacturing facilities, addition of new production lines and upgrading of manufacturing facilities	110.1	83.0	27.1
2.	Advertising and promotion activities (A&P)	40.0	40.0	0.0
3.	Expansion of distribution network and increase of sales channel	40.0	40.0	0.0
4.	Enhance product design and development efforts	30.0	29.6	0.4
5.	General working capital	153.7	153.7	0.0
		<b>373.8</b>	<b>346.3</b>	<b>27.5</b>

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The following table sets out the details the utilisation of Rights Issue proceeds up to 31 December 2009:

No	Planned Usage	Rights Issue proceeds (RMB million)	Cumulative amount used (RMB million)	Balance (RMB million)
1.	Upgrading and expansion of the distribution network including opening new specialty stores, provision of renovation subsidies to our Group's distributors to upgrade premises and development of new markets	25.0	13.0	12.0
2.	A&P activities to promote the "YELI" brand including print, television and web-based advertisements, sponsorship of events, other public relations activities	35.0	7.2	27.8
3.	General working capital	10.8	10.8	0.0
		<b>70.8</b>	<b>31.0</b>	<b>39.8</b>

**10. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**11. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

Although the PRC economy has gradually recovered since the implementation of the stimulus package by the PRC government, market conditions are expected to remain challenging in the near term due to potential credit tightening measures by the PRC authorities and increasing competition. This may continue to affect demand for consumer products and exert pressure on our selling prices and profit margins.

Our Group however remains optimistic about the long-term growth potential of the sportswear market in PRC. To maintain our competitive edge and to better position our Group for market recovery, we will continue to focus on our Group's strategy of product development, strengthening our YELI brand value through A&P activities and expanding and upgrading our distribution network in the second, third and fourth-tier cities in PRC. At the same time, our Group is also exploring potential collaboration with international sportswear brands.

On 7 January 2010, YELI China signed an agreement to become the authorised master distributor of FIFA collections throughout PRC. The marketing of FIFA sports and lifestyle products is consistent with our Group's strategy to expand our footprint in the PRC sports fashion market. It will strengthen our product offering and enable our Group to establish a presence in the mid-to-high end sports fashion market. If successful, this will provide an additional source of income for our Group in future.

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### Unaudited Results for the Fourth Quarter and the Year ended 31 December 2009

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The appointment of one of Asia's hottest boy bands, Fahrenheit (飞轮海), as the spokespersons for YELI branding in February 2009 has boosted the YELI brand value and awareness in PRC. Fahrenheit will be wearing YELI apparel in one of the new TV series to be produced.

In FY2009, our Group had actively executed our strategy to improve the mix of our points of sale by reducing the number of shops-in-shops while adding on more YELI specialty stores. Since the engagement of Fahrenheit, our Group has received positive feedback from distributors expressing their interests and confidence in setting up more YELI specialty stores. As a result, our Group has exceeded our target of having a minimum of 500 YELI specialty stores in FY2009.

As at 31 December 2009, the number of YELI specialty stores had increased to more than 580, compared to approximately 400 as at 31 December 2008 while the number of shops-in-shops had decreased to approximately 1,395 as at 31 December 2009 from approximately 1,860 as at 31 December 2008. The strategy to increase the number of YELI specialty stores is important as these specialty stores are mostly located at street level and have larger display area. As such, they will provide a better image and platform to display the entire range of YELI products including footwear, apparel and accessories. Our Group will continue to allocate resources towards the expansion of its YELI specialty stores network.

Our Group is in advanced stage of negotiation to acquire a plot of land slated for industrial use for the construction of a new manufacturing facility in Fujian Province. After the acquisition, our Group will commence construction of our new plant which is estimated to take between 2 to 3 years to completion. The estimated aggregate cost of acquiring the land and constructing the new plant is between RMB150 million to RMB180 million.

Separately, our Group plans to construct a new multi-complex within our existing factory, which would include new showrooms for FIFA and YELI products. The cost for the construction of the multi-complex is estimated to be approximately RMB30 million.

In January 2010, our Group completed a placement of 120,000,000 new ordinary shares at the placement price of S\$0.18 ("Placement"). The net proceeds of approximately S\$20.5 million from the Placement will be used to fund the expansion of the distribution network for FIFA-related products such as the provision of renovation subsidies for setting up FIFA Modular Stores and Official Event Stores in PRC as well as FIFA-related A&P activities.

**12. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

The Directors do not recommend any dividend in respect of the financial year ended 31 December 2009.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Final dividend

Name of Dividend:	First and Final
Dividend Type:	Cash
Dividend Rate:	RMB 0.0275 per share
Number of shares:	673,700,000
Tax rate:	Tax exempt one-tier

Total Annual Dividend

	<b>2008</b>	<b>2009</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Ordinary:	18,527	Nil

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**13. If no dividend has been declared/recommended, a statement to that effect.**

The Directors do not recommend any dividend in respect of the financial year ended 31 December 2009.

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**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Our Group is engaged in two business segments which are design, manufacture and sales of sports fashion footwear and the design and sales of sports fashion apparel and accessories which have identical risk and returns.

	Year ended 31 December 2009		Total
	Design, manufacture and sale of sports fashion Footwear RMB'000	Design and sale of sports fashion Accessories RMB'000	
Revenue	1,506,341	398,458	1,904,799
<b>Result</b>			
Segment result	120,455	130,416	250,871
Unallocated expenses			(90,707)
Operating profit			160,164
Income taxes			(37,563)
			122,601
Segment assets	150,836	39,899	190,735
Segment liabilities	(199,605)	(52,800)	(252,404)
Capital expenditures	11,463	3,032	14,495
Depreciation	(32,781)	(8,671)	(41,452)
Interest income	2,277	602	2,879
Finance cost	(1,085)	(287)	(1,372)
Amortisation of land use rights and in tangibles	(95)	(25)	(120)
<b>Reported segment assets are reconciled to total assets as follows:</b>			
Segment assets			190,735
Property, plant and equipment			79,270
Land use rights/Intangible asset			2,791
Inventories			25,471
Cash and cash equivalent			901,880
			1,200,147
<b>Reported segment liabilities are reconciled to total liabilities as follows:</b>			
Segment liabilities			252,404
Provision for income tax			1,263
			253,667

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	Year ended 31 December 2008		Total RMB'000
	Design, manufacture and sale of sports fashion Footwear RMB'000	Design and sale of sports fashion Accessories RMB'000	
Revenue	1,503,662	356,050	1,859,712
<b>Result</b>			
Segment result	173,010	181,402	354,412
Unallocated expenses			(104,129)
Operating profit			250,283
Income taxes			(65,348)
			184,935
Segment assets	235,032	55,653	290,685
Segment liabilities	(163,966)	(38,826)	(202,792)
Capital expenditures	65,402	15,486	80,888
Depreciation	(27,614)	(6,538)	(34,152)
Interest income	2,623	621	3,244
Finance cost	(731)	(173)	(904)
Amortisation of land use rights and in tangibles	(95)	(25)	(886)
Intangible assets written off	(5,056)	-	(5,056)
Property, plant and equipment written off	(722)	(171)	(893)
<b>Reported segment assets are reconciled to total assets as follows:</b>			
Segment assets			290,685
Property, plant and equipment			106,227
Land use rights/Intangible asset			2,864
Inventories			26,156
Cash and cash equivalent and Pledged Bank Deposit			547,597
			973,529
<b>Reported segment liabilities are reconciled to total liabilities as follows:</b>			
Segment liabilities			202,792
Provision for income tax			8,370
			211,162

There is no geographical segment information presented as the Group is located and operates predominantly in the PRC.

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**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

**16. A breakdown of sales.**

Group	FY 09 RMB'000	FY 08 RMB'000	Change %
Sales reported for the first half year	1,054,727	868,712	21.4
Operating profit after tax reported for first half year	85,901	105,058	(18.2)
Sales reported for the second half year	850,072	991,000	(14.2)
Operating profit after tax reported for second half year	36,700	79,877	(54.1)

**17. Interested Person Transactions**

As stated in the previous announcement, our Executive Chairman and CEO, Mr. Lin Shaoxiong, and Mr. Li Tung Kwo, then a substantial shareholder of our Company, had jointly pledged their Shares to secure a term loan for our Company. We have not paid either of them any form of consideration for the provision of the share pledge.

Mr. Lin Shaoxiong and Mr. Lin Yongjian (Mr. Lin Shaoxiong's and Mr. Lin Shaoqin's father, and a director of Hengfa) have jointly provided a personal guarantee to secure our banking facility. We have not paid either of them any form of consideration for the provision of the personal guarantee.

Mr. Lin Shaoxiong has provided a personal guarantee to secure the banking facility of YELI China. We have not paid him any form of consideration for the provision of the personal guarantee.

Mr. Lin Shaoxiong has also provided personal loan for the working capital of Theme Way Limited, our wholly-owned subsidiary in Hong Kong, and for the repayment of bank loans by our Company. We have not paid him any form of consideration or interest on the loans. This loan had been fully repaid in January 2010.

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The following is the aggregate value of all transactions with interested persons (as defined in Chapter 9 of the Listing Manual) ("IPT") for the financial period ended 31 December 2009:-

Name of interested person	Aggregate value of all IPTs during the financial period under review	
	excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920	under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	RMB	RMB
Lin Shaoxiong	-	-
Lin Yongjian	-	-

**BY ORDER OF THE BOARD**

**Lin Shaoxiong**  
**Chief Executive Officer**  
**26 February 2010**