



China Sports International Limited
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PRESS RELEASE

CHINA SPORTS FY07 NET PROFIT JUMPS 110.8% TO RECORD HIGH OF RMB155.1M

RMB (million)	3 months ended 31 Dec			12 months ended 31 Dec		
	4Q07	4Q06	% Change	FY07	FY06	% Change
Revenue	349.3	198.1	76.3	1,207.1	690.0	74.9
Gross Profit	78.3	37.0	111.9	264.3	122.3	116.0
Taxation	(15.0)	(7.6)	97.0	(57.5)	(27.2)	111.1
Net Profit	34.4	20.2	70.5	155.1	73.6	110.8

- Y* Gross profit margin improved from approximately 18% to 22% due to higher YELI footwear ASP and higher YELI apparel sales mix
- Y* YELI apparel sales increased to 18% of total YELI sales in FY07 from 3% in FY06
- Y* Point of sales expanded to approximately 2000 in FY07 from 1500 in FY06
- Y* Targets to expand point of sales by 40% in FY08
- Y* Proposing share split of one into two
- Y* Recommended final dividend of RMB0.093 per share
- Y* Optimistic of performance in FY08

SINGAPORE, 28 January 2008 – Mainboard-listed China Sports International Limited (“the Company” or “China Sports” and together with its subsidiaries, “the Group”), a branded sports fashion footwear and apparel company based in the PRC, today reported a set of sterling results for the financial year ended 31 December 2007 (“FY07”).

Boosted by strong demand for its YELI branded footwear and its new YELI apparel range, Group revenue grew by 74.9% to RMB1,207.1 million in FY07 from RMB690.0 million in FY06. FY07 gross profit rose 116.0% to RMB264.3 million from RMB122.3 million while net profit surged 110.8% to RMB155.1 million from RMB73.6 million. FY07 gross profit margin increased to 21.9% from 17.7% while net profit margin increased to 12.8% from 10.7%.

Earnings per share in FY07 rose to RMB0.55 based on weighted average of 282,603,425 shares compared to RMB0.31 in FY06 based on 236,850,000 shares.

For the three months ended 31 December 2007 (“4Q07”), Group revenue surged 76.3% to RMB349.3 million from RMB198.1 million a year ago (“4Q06”). Gross profit jumped 111.9% to RMB78.3 million in 4Q07 from RMB37.0 million in 4Q06. Net profit rose 70.5% to RMB34.4 million in 4Q07 from RMB20.2 million in 4Q06.

Mr Lin Shaoxiong, Chairman and CEO of China Sports said, “We are pleased to report a sterling set of results in FY07. Our strategy to focus on growing our YELI brand value, expanding sales and distribution network and strengthening product development capability has resulted in strong topline and bottomline growth. Profit margins in FY07 also improved due to higher average selling price (“ASP”) for our YELI footwear and higher contribution from our one-year old YELI apparel range.”

ASP for YELI footwear increased by approximately 26% to RMB63.4 in FY07 from RMB50.3 in FY06. YELI apparel sales also increased rapidly to account for approximately 18% of total YELI sales in FY07 compared to only 3% in FY06.

Since launching YELI brand in 2002, the Group has been gradually increasing its advertising and promotion (“A&P”) activities in order to grow the YELI brand value. As a sports fashion brand targeting younger consumers, the Group engaged one of the top singing bands in the PRC 水木年华 (“Shuimu Nianhua”) as its celebrity spokesperson in 2006.

In FY07, the Group began advertising in 湖南卫视 (“HunanTV”) and sponsored one of HunanTV’s most popular TV programs called 勇往直前 (“Yong Wang Zhi Qian”). HunanTV covers more than 60% of the geographical area in the PRC and is popular with our targeted PRC youth market.

These recent A&P activities have raised the profile of YELI and attracted new distributors to market YELI products. The Group also strengthened its product and development team and expanded its product range for both YELI footwear and apparel.

Mr. Lin added, “In terms of sales and distribution network, we have achieved our target of having at least 2000 point of sales in FY07, a 33% growth from 1500 in FY06. Our key markets are the second, third and fourth tier cities where consumers tend to be more price sensitive. We offer our customer affordable products that are trendy and of good quality products. Due to the positive response from our recent A&P activities, we aim to expand our point of sales by 40% by the end of 2008.”

In FY07, sales of YELI products increased by 121.2% to RMB941.1 million from RMB425.5 million in FY06. Sales of OEM related products increased marginally to RMB266.0 million from RMB264.5 million. The proportion of sales from YELI products over total sales increased to approximately 78.0% in FY07, up from 61.7% in FY06.

We launched the higher margin YELI apparel line since November 2006 and sales has been very encouraging in FY07. YELI apparel sales reached RMB 165.1 million in FY07, accounting for approximately 18% of total YELI sales, compared to only 3% in FY06.

Gross profit in FY07 increased by 116.1% to RMB 264.3 million from RMB 122.3 million in FY06. Gross profit margin increased from approximately 17.7% in FY06 to approximately 21.9% in FY07. The margin improvement was mainly attributable to the increase in sales of YELI apparel which had better margins and the increase in the ASP of footwear products.

The Group's selling and distribution costs rose by 167.7% to RMB42.8 million in FY07 from RMB16.0 million in FY06. The increase is due to intensified A&P activities such as TV commercials to build up the YELI brand value. Selling and distribution costs accounted for approximately 3.5% of Group sales in FY07, up from 2.3% in FY06.

Dividend

In view of the strong financial performance of the Group and to reward shareholders, the Directors are recommending a final dividend of RMB0.093 per ordinary share.

Share Split

The Company is proposing a share split of one ordinary share of HK\$0.08 each into two ordinary shares of HK\$0.04 each ("Proposed Sub-Division"). The Directors believe that the Proposed Sub-Division will increase the affordability, accessibility and liquidity of the shares of the Company available for trading on the SGX-ST.

Outlook

The upcoming 2008 Beijing Olympic Games and the sustained growth of the PRC economy which resulted in higher purchasing power and rising consumer spending will continue to underpin demand for sporting goods in the PRC in 2008. To capitalise on these growth opportunities, the Group will focus on product development and enhancement, advertising and promotion as well as distribution network expansion in 2008.

The Group recently strengthened the product development team with additional headcount and will continue to introduce new and broader range of footwear and apparel with trendy and fashionable designs which appeal to our target consumers. With a growing sales and distribution network and stronger product development team, the Group has plans to launch another high margin product line, accessories products in 2008.

In 2008, the Group intends to increase its advertising and promotion expenses to strengthen YELI brand value and enhance brand visibility. The Group believes that growing YELI brand value will enable it to raise the selling price of its products subsequently. The Group sold about 12 million pairs of YELI shoes in 2007. With the sizeable and growing sales volume, the Group is able to enjoy economies of scale and operating leverage as it increases the selling price of its products.

The Group will continue to explore various forms of advertising avenues to grow its brand value and market share. The Group recently signed an agreement to become the official sponsor for sportswear, apparel and accessories for the Slovak Republic Olympic team during the Beijing 2008 Olympic Games. The Group has also established co-operation with two of the leading websites in the PRC www.sohu.com and www.sports.cn which will be the main platforms to deliver online Beijing 2008 Olympic related news. The Group's YELI brand logo, link to its corporate website and internet advertising banners will be featured in both websites. The Group believes these recent A&P activities will help to raise the profile and brand value of YELI.

Barring unforeseen circumstances, the Group is optimistic about its performance in 2008.

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About China Sports International Limited

Founded in 1992, China Sports International Limited is a branded sports fashion footwear and apparel company in the PRC. The Group's products are mainly sold under its own 野力 ("YELI") brand and are designed for a broad range of activities catering to the lifestyles of its targeted consumer group age between 12 to 30 years old. YELI footwear and apparel are sold through distributors who have a retail network of more than 2,000 point of sales throughout the PRC and also exported to countries in Europe, the Middle East, South America, Asia and South Africa.

Note :

This release may contain predictions, estimates or other information that may be considered forward-looking statements. Actual results may differ materially from those currently expected because of a number of factors. These factors include (without limitation) changes in general industry and economic conditions, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in customer demands, changes in operating expenses, including employee wages and raw material prices, governmental and public policy changes, social and political turmoil and major health concerns. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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