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## NEWS RELEASE

### **CHINA SPORTS DELIVERS STEADY RESULTS IN 1Q09**

- ✓ 1Q09 revenue increased by 31.7% to RMB530.4 million on higher demand for YELI products**
- ✓ 1Q09 YELI footwear and apparel revenue rose 54.3% and 62.6% respectively**
- ✓ 1Q09 net profit up 7.2% year on year and up 64.2% compared to 4Q08**
- ✓ EPS in 1Q09 was 7.3 RMB cents**
- ✓ NAV per share as at 31 March 2009 was 120.53 RMB cents**
- ✓ Launching new advertising campaign with Fahrenheit to raise YELI brand visibility in the coming quarters of 2009**

Highlights RMB (mil)	1Q09	1Q08	1Q09 VS 1Q08 Change	4Q08	1Q09 VS 4Q08 Change
Revenue	530.4	402.9	31.7%	505.10	5.0%
Gross Profit	88.5	88.8	-0.3%	82.6	7.2%
Net Profit after tax	49.7	46.3	7.2%	30.2	64.2%

**SINGAPORE, 12 May, 2009** – SGX mainboard-listed China Sports International Limited (中国体育国际有限公司) (“China Sports” and together with its subsidiaries, the “Group”), a branded sports fashion footwear and apparel company based in China today reported a steady set of results for the first three months ended 31 March 2009 (“1Q09”) compared to the same period last year (“1Q08”). 1Q09 Group revenue increased by 31.7% to RMB530.4 million from RMB402.9 million in 1Q08. Net profit after tax rose 7.2% to RMB49.7 million in 1Q09 from RMB46.3 million in 1Q08. Compared to the last quarter of 2008 (“4Q08”), net profit after tax surged 64.2% in 1Q09. Earnings per share in 1Q09 was 7.3 RMB cents while net asset value per share as at 31 March 2009 was 120.53 RMB cents.

Gross profit for the Group in 1Q09 decreased marginally by 0.3% to RMB88.5 million compared to RMB88.8 million in 1Q08. The decrease in gross profit margin for the Group was mainly attributable to higher outsourcing costs and the lowering of average selling prices for YELI footwear and apparel in order to maintain competitive edge in an uncertain retail market. When compared to 4Q08, the Group's gross profit increased by 7.2%.

Mr Lin Shaoxiong (林少雄), Chief Executive Officer of China Sports said, "We are pleased to report a steady set of results and exited the first quarter with a healthy balance sheet despite challenging market conditions. Although our gross and net profit margins in 1Q09 are lower when compared to 1Q08, both profit margins have recovered when compared to 4Q08."

The increase in revenue in 1Q09 was mainly attributable to the addition of larger new specialty stores selling the complete range of YELI products, the increase in sales of YELI apparel and footwear, as well as the launch of YELI accessories in the three months ended 30 September 2008. The total number of point of sales have increased from over 2100 in 1Q08 to more than 2170 in 1Q09, with a shift in mix between the smaller shops-in-shops in favour of the larger specialty stores. The Group's distributors have increased the number of specialty stores from over 150 in 1Q08 to over 420 in 1Q09. This is because specialty stores have larger display area thus providing a better image and platform to display the entire range of YELI products including footwear, apparel and accessories. With the increase in YELI specialty stores, the Group is able to improve its product mix by expanding the range of products sold to its retail customers.

Sales of YELI footwear increased by 54.3% to RMB387.2 million in 1Q09 from RMB250.9 million in 1Q08. Sales of the higher margin YELI apparel surged 62.6% to RMB109.9 million in 1Q09 from RMB67.6 million in 1Q08 while YELI accessories recorded revenue of RMB4.5 million in 1Q09. As a result of stronger growth by YELI apparel, the proportion of YELI footwear sales to total YELI sales declined to 77.2% in 1Q09 from 78.8% in 1Q08 while contribution by the higher margin YELI apparel to total YELI sales rose to 21.9% in 1Q09 from 21.2% in 1Q08.

In 1Q09, selling and distribution ("S&D") expenses decreased by 24.7% to RMB14.7 million from RMB19.5 million in 1Q08. This was because the Group did not launch any new TV commercials in 1Q09 as it was concluding negotiation to appoint one of Asia' hottest boy bands Fahrenheit (飞轮海), as its YELI (野力) brand spokespersons.

Mr. Lin added, "Now that we have officially signed Fahrenheit as our brand spokespersons, we expect our S&D expenses to increase once we launch the new advertising campaign featuring Fahrenheit nationwide in the later part of FY2009. The new advertising campaign will enable the Group to leverage on their popularity in China and across Asia to enhance consumer awareness of and

loyalty to YELI brand. This in turn will facilitate the on-going and long term expansion plan of the Group in China.”

Under the terms of the agreement, Fahrenheit will appear in both TV and print advertisements to endorse YELI brand in China for a period of two years. Fahrenheit will also be featured on the Group’s product packaging and promotional materials.

## **OUTLOOK**

2009 is expected to be a year which presents challenges and opportunities. The Group is aware that the global financial turmoil is still ongoing. This may affect demand for consumer products and exert pressure on selling prices as competition intensifies. Smaller competitors with limited financial resources may be forced to scale back on their investment or expansion plans. The Group intends to seize this opportunity to grow its market share, especially in the second, third and fourth tier cities in China through its on-going investments and efforts in brand building, network expansion and product development.

In April 2009, the Group held its major trade fair in conjunction with a press conference in Hangzhou to introduce Fahrenheit as YELI brand spokespersons. The media hype before and after the press conference has increased YELI brand visibility in China. Since the engagement of Fahrenheit, the Group has received positive feedback from distributors expressing their interests to expand points of sale further, especially in the form of specialty stores.

In 2009, the Group plans to further improve the mix of its points of sale by reducing the number of shops-in-shops while adding more specialty stores. This is because specialty stores have larger display area thus providing a better image and platform to display the entire range of YELI products including footwear, apparel and accessories.

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## **About China Sports International Limited**

China Sports International Limited is principally engaged in the design, manufacture and sale of sports fashion footwear and design and sale of sports fashion apparel and accessories under its own 野力 (“YELI”) brand. The Group’s products are designed for both functional use and casual use, catering to the lifestyles of its targeted consumer group age between 12 to 30 years old. The products are mainly sold through distributors who have a retail network of

more than 2,000 point of sales throughout second, third and fourth tier cities in the PRC.

*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. China Sports 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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