



China Sports International Limited
 Dingxing Industrial Zone,
 Yangdai, Jinjiang City, Fujian Province,
 The People's Republic of China 362218

NEWS RELEASE

**CHINA SPORTS POSTS 1H09 NET PROFIT OF RMB85.9 MILLION
 ON REVENUE OF RMB1.1 BILLION**

Financial Highlights	3 months ended 30 June			6 months ended 30 June		
	2Q09	2Q08	Change	1H09	1H08	Change
RMB (million)						
Revenue	524.3	465.9	12.5%	1,054.7	868.7	21.4%
Gross Profit	84.0	105.2	(20.1%)	172.5	194.0	(11.1%)
Net Profit	36.2	58.7	(38.3%)	85.9	105.1	(18.2%)
Selling & Distribution expenses (S&D)	29.2	19.7	48.1%	43.9	39.2	11.9%
S&D as % of Revenue	5.6%	4.2%	1.4ppt	4.2%	4.5%	(0.3ppt)

- ✔ YELI footwear sales increased by 19.7% in 1H09 to RMB665.0 million**
- ✔ YELI apparel sales surged 45.0% in 1H09 to RMB222.9 million**
- ✔ YELI apparel gross profit margin increased to 39.1% in 1H09**
- ✔ YELI and OEM footwear gross profit margin declined to 10.3% in 1H09**
- ✔ S&D expenses rose 48.1% in 2Q09 due to intensified advertising and promotion activities featuring new brand spokespersons, Fahrenheit**
- ✔ EPS in 1H09 was 12.75 RMB cents**
- ✔ NAV per share as at 30 June 2009 increased to 123.07 RMB cents**
- ✔ Target to improve product mix in favour of higher margin YELI apparel**

SINGAPORE, 14 August, 2009 – 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 the People’s Republic of China (the “PRC”), today announced its results for the first six months ended 30 June 2009 (“1H09”).

Group revenue increased by 21.4% to RMB1,054.7 million in 1H09 compared to RMB868.7 million during the same period last year (“1H08”). As a result of higher

advertising and promotion (“A&P”) expenses, higher outsourcing costs and lower average selling prices for footwear products, net profit decreased by 18.3% to RMB85.9 million in 1H09 from RMB105.1 million in 1H08. Earnings per share (“EPS”) in 1H09 was 12.75 RMB cents while net asset value (“NAV”) per share as at 30 June 2009 increased to 123.07 RMB cents.

Mr Lin Shaoxiong (林少雄), Chief Executive Officer of China Sports said, “Retail sentiment in the PRC has not fully recovered from the global financial crisis. Despite challenging market conditions, we are pleased to achieve healthy revenue growth. During the first half of the year, we continued to place emphasis on building YELI (野力) brand value through A&P activities, on our recent initiative to increase the number of specialty stores and improve our product mix in favour of the higher margin YELI apparel.”

After confirming the appointment of one of Asia’s hottest boy bands, Fahrenheit (飞轮海) as YELI (野力) brand spokespersons in February 2009, our Group had intensified our A&P activities in 2Q 09 to fully maximise and leverage on Fahrenheit’s popularity with our target consumer group to promote our YELI brand in China. In April 2009, Fahrenheit was invited to attend a press conference and our Group’s trade fair in Hangzhou. The new promotion efforts featuring Fahrenheit had been launched through various media. The publicity generated from the public events and the new advertising campaign is expected to increase YELI brand awareness in China.

The increase in revenue in 1H09 was mainly attributable to the upgrading and addition of larger specialty stores selling the complete range of YELI products, the surge in sales of YELI apparel and YELI footwear, as well as the launch of YELI accessories in August 2008.

In 1H09, sales for YELI apparel jumped 45.0% to RMB222.9 million from RMB153.7 million in 1H08 while sales of YELI footwear increased by 19.7% to RMB665.0 million from RMB555.6 million a year ago.

As a result of strong sales growth, contribution to Group revenue by YELI apparel products rose to 21.1% in 1H09 from 17.7% in 1H08. Contribution from footwear products to Group revenue decreased to 78.2% in 1H09 from 82.3% in 1H08.

The Group’s gross profit margin decreased to 16.4% in 1H09 from 22.3% in 1H08. The decrease in gross profit margin was mainly attributable to higher subcontracting costs and the decrease in average selling prices of footwear products for maintaining a competitive pricing for distributors to capture more market share for our YELI products. The decline in footwear product gross profit margin to 10.3% in 1H09 from 19.8% in 1H08 has been mitigated by the improvement in YELI apparel gross profit margin to 39.1% in 1H09 from 33.2% in 1H08. YELI apparel gross profit margin improved due to the continuous effort placed on product research and development.

Selling and distribution costs increased by 11.9% to RMB43.9 million in 1H09 from RMB39.2 million in 1H08. The increase was mainly due to the new A&P programme, featuring the Group's recently appointed spokesperson, Fahrenheit. Selling and distribution costs accounted for approximately 4.2% of the Group's revenue in 1H09, down marginally compared to 4.5% in 1H08.

Mr. Lin added, "Since early 2008, we also encouraged our distributors to increase the number of larger YELI specialty stores. This is expected to enhance YELI brand image and facilitate the display and sale of more YELI products, especially the higher margin YELI apparel. I am pleased to see that the number of YELI specialty stores have increased threefold from over 150 as at March 2008 to over 450 as at June 2009. In 1H09, YELI apparel recorded strong performance with higher sales and profit margin to mitigate the impact of lower gross profit margin sustained by the footwear business segment. Going forward, we aim to increase further contribution by YELI apparel to Group revenue through increasing the number of YELI specialty stores."

OUTLOOK

For the year to date, we faced intense competition, resulting in pressure on our gross profit margin and profitability despite revenue growth. We expect the second half of the current financial year to remain challenging. To maintain our competitive edge and to capitalise on potential growth opportunities during this challenging time, our Group will continue to focus on our strategy of product development, strengthening our YELI brand value through A&P activities and improving and upgrading our distribution network.

In 1H09, 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 specialty stores. As at June 2009, the number of specialty stores had exceeded 450 compared to approximately 285 as at June 2008 while the number of shops-in-shops had decreased to approximately 1,685 as at June 2009 from approximately 1,965 as at June 2008. This move is important as these specialty stores which are mostly located at street level and have larger display area provide a better image and platform to display the entire range of YELI products including footwear, apparel and accessories. The higher margin YELI apparel accounted for about 21.1% of our Group's revenue in 1H 09 up from 17.7% last year. We intend to continue to improve our product mix in favour of YELI apparel by increasing the number of specialty stores further during the second half of 2009.

Since the engagement of Fahrenheit, we had received positive feedback from our distributors expressing their interest to increase points of sale further, especially in the form of specialty stores. We intend to grow the total number of specialty stores to 500 by the end of 2009. In addition to spending on our A&P

activities, we may have to allocate substantial cash resources towards the expansion of our specialty stores network.

We are presently in talks with the local government of Jinjiang to acquire an industrial plot for the construction of a new manufacturing facility, for which approval is pending. Upon receipt of the approval, we may have to incur significant capital expenditure outlay for this investment.

RIGHTS ISSUE

On 30 June 2009 and 24 July 2009, we announced a proposed renounceable underwritten rights issue of 168,425,000 ordinary shares at an issue price of S\$0.10 each on the basis of one rights share for every four existing ordinary shares ("Rights Issue"). The Rights Issue will raise 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 China, Yeli Sports (China) Co., Ltd to meet its capital injection deadline of 13 December 2009.

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

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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 YELI (野力) brand. The Group's products are designed for both functional use and casual use, catering to the lifestyle of its targeted consumer group aged between 12 to 30 years old. The products are mainly sold through distributors who have a retail network of more than 2,100 points of sale 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. 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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