



China Sports International Limited
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NEWS RELEASE

CHINA SPORTS NET PROFIT ROSE 28.2% TO RMB154.7 MILLION FOR FIRST NINE MONTHS

- ✔ 9M08 revenue and gross profit jumped 57.9% and 63.3% respectively**
- ✔ 3Q08 revenue and gross profit rose by 44.6% and 46.5% respectively**
- ✔ Gross profit margin improved due to strong sales growth of higher margin YELI apparel and higher selling price for YELI footwear**
- ✔ NAV per share as at 30 September 2008 was RMB108.67 cents**
- ✔ Net cash per share as at 30 September 2008 was RMB84.29 cents**

Financial Highlights	3 months ended 30 Sept			9 months ended 30 Sept		
	3Q08	3Q07	Change	9M08	9M07	Change
RMB (million)						
Revenue	485.9	335.9	44.6%	1,354.6	857.8	57.9%
Gross Profit	109.6	74.9	46.5%	303.7	185.9	63.3%
Net Profit	49.6	47.2	5.3%	154.7	120.7	28.2%
Selling & Distribution expenses (S&D)	33.2	8.3	301.0%	72.5	17.4	316.6%
S&D as % of Revenue	6.8%	2.5%	+4.3ppt	5.4%	2.0%	+3.4ppt

SINGAPORE, 14 November, 2008 – 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 financial results for the third quarter (“3Q08”) and first nine months ended 30 September 2008 (“9M08”).

In 9M08, Group revenue increased by 57.9% to RMB1,354.6 million from RMB857.8 million in the same period last year (“9M07”). Over the same period, gross profit surged 63.3% to RMB303.7 million from RMB185.9 million and net profit increased by 28.2% to RMB154.7 million from RMB120.7 million. Net asset value per share and net cash per share as at 30 September 2008 were

RMB108.67 cents and RMB84.29 cents respectively. 9M08 gross profit margin increased by 0.7 percentage points to 22.4% from 21.7% while net profit margin decreased by 2.7 percentage points to 11.4% from 14.1% due mainly to increase spending on advertising and promotional activities to build the YELI brand value.

Mr Lin Shaoxiong (林少雄), Chief Executive Officer of China Sports said, "Our strategy to focus on growing YELI branded products is paying off as Group sales have expanded rapidly while gross profit margin has also improved. Net profit growth is lower as we have increased the percentage of Group revenue being allocated to build our brand value. During the first nine months of this year, selling and distribution expenses rose significantly as we intensified our advertising and promotional ("A&P") activities such as TV commercials. Even so, we should be on track to report record profit in 2008 as the first nine months net profit of RMB154.7 million is almost equivalent to last year's full year net profit of RMB155.1 million. The strong order growth for both YELI footwear and apparel reflects the growing acceptance and recognition of YELI sports fashion wear."

In 3Q08, Group revenue rose 44.6% to RMB485.9 million from RMB335.9 million the corresponding quarter last year ("3Q07"). Gross profit jumped 46.5% to RMB109.6 million from RMB74.8 million in 3Q07 while net profit increased by 5.3% to RMB49.6 million from RMB47.2 million.

The increase in revenue in 9M08 and 3Q08 was mainly attributable to the upgrading and expanding of the Group's distribution network, the increase in average selling price ("ASP") of footwear products, the launch of the new YELI accessories in 3Q08 and strong growth in sales of YELI footwear and apparel. Sales for YELI footwear jumped 64.5% in 9M08 to RMB844.8 million from RMB513.5 million in 9M07. Sales for the higher margin YELI apparel also surged by 75.2% to RMB246.7 million in 9M08 from RMB140.8 million in 9M07. YELI accessories were launched in July 2008 and recorded encouraging revenue of RMB4.4 million in 3Q08.

As a result of strong order growth, contribution to Group revenue by YELI products rose to 81.0% in 9M08 from 76.0% in 9M07. Contribution from OEM footwear to Group revenue decreased to 19.0% in 9M08 from 24.0% in 9M07.

The improvement in gross profit margin of our Group in 9M08 and 3Q08 can be attributed to the strong sales growth for the higher margin YELI apparel and increase in the ASP of YELI footwear. The distribution network for YELI products in China increased from over 1900 point of sales in 9M07 to over 2250 as at 30 September 2008. As a result of higher awareness of the YELI brand, we were also able to increase the ASP of YELI footwear by approximately 18.4% in 9M08 over 9M07.

Selling and distribution expenses increased by 316.6% to RMB72.5 million in 9M08 from RMB17.4 million in 9M07. The increase was mainly due to higher

A&P expenses of approximately RMB66.0 million incurred for promoting YELI brand and approximately RMB3.3 million incurred for upgrading and opening of YELI specialty stores. Selling and distribution costs accounted for approximately 5.3% of our Group's revenue in 9M08, up from approximately 2.0% in 9M07.

As at 30 September 2008, our Group's cash and cash equivalents rose to approximately RMB 580.9 million and net cash per share was RMB84.29 cents. The increase was mainly due RMB66.2 million of net cash generated from operating activities in 3Q08. The cash and cash equivalents were mainly bank deposits denominated in RMB. As at 30 September 2008, we did not enter into any financial derivatives arrangements.

OUTLOOK

After the conclusion of the Beijing Olympic Games, sporting goods market growth momentum may moderate but is still expected to see positive growth. Other major sporting events such as the East Asian Games in 2009, Guangzhou Asian Games in 2010 and Shenzhen World University Games in 2011 will be held in China and these sporting events are expected to promote and increase participation rate in sports and underpin demand for sporting goods in China.

At the same time, we expect competition to intensify as more sportswear companies are expanding their presence in our key markets in 2nd and 3rd tier cities. To maintain our competitive edge, we will continue to focus on improving and upgrading our distribution network and product development capabilities.

In view of the current economic climate, we will be prudent in our A&P spending but will continue to invest in A&P activities to build our YELI brand value and enhance brand visibility. We will continue to leverage on various forms of advertising avenues and promotional activities, including TV commercials, online advertising, out-door advertising and sponsorships. In addition to HunanTV, we have started to advertise through the national TV channel CCTV. This will provide an additional platform to increase YELI brand visibility and attract new distributors from other provinces in China which we have not penetrated yet.

We had previously announced that our wholly owned subsidiary, Yeli (China) Co., Ltd ("Yeli China") has qualified as a wholly-owned foreign entity and will be entitled to tax exemption from the second half of 2008 until December 2009. We will gradually be transferring our YELI related business to Yeli China and we expect to start realizing tax savings on our Group's net profit in 2009.

Barring unforeseen circumstances, we are cautiously optimistic about our performance for the remaining period of this financial year.

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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 under its own YELI (“野力”) brand. The Group’s products are designed for a broad range of activities 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 2,250 point of sales throughout 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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