



Unaudited Results for the Third Quarter and the Nine Months ended 30 September 2007

The initial public offering of China Sports International Limited was sponsored by Stirling Coleman Capital Limited (the “Manager”). The Manager assumes no responsibility for the contents of this announcement.

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.

(RMB '000)	Third Quarter		Change %	Nine Months		Change %
	2007	2006		2007	2006	
Revenue	335,933	174,994	92.0	857,775	491,897	74.4
Cost of sales	(261,088)	(143,694)	81.7	(671,840)	(406,521)	65.3
Gross profit	74,845	31,300	139.1	185,935	85,376	117.8
Other operating income	493	37	1,232.4	595	95	526.3
Selling and distribution expenses	(8,286)	(2,498)	231.7	(17,393)	(8,896)	95.5
Administrative expenses	(3,366)	(1,719)	95.8	(5,474)	(2,979)	83.8
Finance costs	(183)	(105)	74.3	(422)	(525)	(19.6)
Profit before income tax	63,503	27,015	135.1	163,241	73,071	123.4
Taxation	(16,356)	(7,210)	126.9	(42,536)	(19,645)	116.5
Profit after income tax	47,147	19,805	138.1	120,705	53,426	125.9
Gross profit margin	22.3%	17.9%		21.7%	17.4%	
Profit before income tax margin	18.9%	15.4%		19.0%	14.9%	
Profit after income tax margin	14.0%	11.3%		14.1%	10.9%	

The 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, being the measurement currency of the Group.

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1(a)(ii) Other Information

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

(RMB '000)	Third Quarter		Change %	Nine Months		Change %
	2007	2006		2007	2006	
(a) Income statement includes the following:						
Interest paid on borrowings	(183)	(105)	74.3	(422)	(525)	(19.6)
Depreciation of property, plant and equipment	(739)	(481)	53.6	(1,826)	(1,478)	23.5
Amortisation of land use rights	(16)	-	NM	(48)	-	NM
Lease payments under operating lease for leasehold buildings	(249)	(240)	3.8	(747)	(720)	3.8
Salaries and related costs						
- Director remuneration	(870)	(11)	7,809.1	(900)	(33)	2,627.3
- Key personnel	(454)	(30)	1,413.3	(553)	(90)	514.4
(b) Other operating income comprises:						
Interest income	493	37	1,232.4	595	95	526.3

NM – Not meaningful

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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.

(RMB '000)	Group Unaudited As at 30/9/2007	Group Audited As at 31/12/2006	Company* Unaudited As at 30/9/2007
Non-current assets			
Property, plant and equipment	32,760	16,718	-
Land use rights/Intangible assets	8,722	2,755	-
Investment in subsidiary	-	-	18,072
	41,482	19,473	18,072
Current assets			
Inventories	24,227	9,909	-
Amount due from subsidiary	-	-	388,667
Trade receivables	189,206	90,401	-
Prepayments, other receivables and deposits	1,464	-	-
Cash and cash equivalents	442,549	6,910	12,121
	657,446	107,220	400,788
Less: Current liabilities			
Trade and bills payables	73,579	45,070	-
Accrued liabilities and other payables	29,685	9,401	1,500
Interest-bearing bank borrowings	8,560	8,150	-
Provision for income tax	16,356	6,946	-
	128,180	69,567	1,500
Net current assets	529,266	37,653	399,288
Net assets	570,748	57,126	417,360
Share capital and reserves			
Share capital	26,419	18,874	26,419
Share premium	384,296	66	392,111
Merger reserves	801	-	-
Statutory reserves	27,380	20,302	-
Exchange reserves	341	-	330
Retained earnings	131,511	17,884	(1,500)
Shareholders' equity	570,748	57,126	417,360
Inventory turnover (days)	10	6	
Trade receivables turnover (days)	49	39	

* No comparatives are shown for the Company which was incorporated on 27 March 2007.

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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 30/9/2007		As at 31/12/2006	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable	2,880	-	2,200	-
Interest-bearing loans	8,560	-	8,150	-
	<u>11,440</u>	<u>-</u>	<u>10,350</u>	<u>-</u>

Amount repayable after one year

	As at 30/9/2007		As at 31/12/2006	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable	-	-	-	-
Interest-bearing loans	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Details of any collateral

The bills payables and interest-bearing loans are secured over the land use rights and buildings of our subsidiary Hengfa (Fujian) Light Industry Development Limited.

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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.

(RMB '000)	Third Quarter		Nine Months	
	2007	2006	2007	2006
Cashflows from operating activities				
Profit before income tax	63,503	27,015	163,241	73,071
Adjustments for:				
Interest income	(493)	(37)	(595)	(95)
Depreciation of property, plant and equipment	739	481	1,826	1,478
Amortisation of land use rights	16	-	48	-
Interest expenses	183	105	422	525
Exchange difference in translation	1	(9)	10	(9)
Operating profit before working capital changes	63,949	27,555	164,952	74,970
Inventories	5,189	(1,205)	(14,318)	6,761
Trade receivables and other receivables	(13,490)	(2,202)	(100,269)	(1,107)
Trade and bills payables	(421)	3,107	28,509	13,299
Accrued liabilities and other payables	11,828	(142)	20,284	578
Cash generated from operations	67,055	27,113	99,158	94,501
Interest received	493	37	595	95
Interest paid	(183)	(105)	(422)	(525)
Income tax paid	(16,370)	(6,368)	(33,126)	(17,228)
Net cash generated from operating activities	50,995	20,677	66,205	76,843
Cashflows from investing activities				
Acquisition of land use rights/Intangible assets	(6,015)	-	(6,015)	(707)
Purchases of property, plant and equipment	(9,024)	(1,352)	(17,868)	(1,352)
Net cash used in investing activities	(15,039)	(1,352)	(23,883)	(2,059)
Cashflows from financing activities				
Bank loans obtained	-	-	8,560	-
Repayment of bank loans	(1,600)	(6,000)	(8,150)	(14,140)
Issue of new shares	374,964	3,767	393,121	10,412
Expenses of restructuring	-	-	(214)	-
Payment of dividend	-	(17,440)	-	(51,980)
Net cash generated from (used in) financing activities	373,364	(19,673)	393,317	(55,708)
Net increase (decrease) in cash and cash equivalents	409,320	(348)	435,639	19,076
Cash and cash equivalents at beginning of period	33,229	22,104	6,910	2,680
Cash and cash equivalents at end of period	442,549	21,756	442,549	21,756

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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	Exchange Reserves	Statutory Reserve	Retained Profits
Group						
At 1 January 2006	8,462	66	-	-	12,939	5,059
Distribution to equity owners	-	-	-	-	-	(53,400)
Issue of shares	10,412	-	-	-	-	-
Transfer to statutory reserves	-	-	-	-	7,363	(7,363)
Net profit for the year	-	-	-	-	-	73,588
At 31 December 2006	<u>18,874</u>	<u>66</u>	<u>-</u>	<u>-</u>	<u>20,302</u>	<u>17,884</u>
At 1 January 2007	18,874	66	-	-	20,302	17,884
Issue of shares	8,676	384,230 *	-	-	-	-
Transfer to merger reserves	(801)	-	801	-	-	-
Transfer to exchange reserves	(330)	-	-	330	-	-
Transfer to statutory reserves	-	-	-	-	7,078	(7,078)
Net profit for the period	-	-	-	11	-	120,705
At 30 September 2007	<u>26,419</u>	<u>384,296</u>	<u>801</u>	<u>341</u>	<u>27,380</u>	<u>131,511</u>
Company						
Incorporated on 27 March 2007	-	-	-	-	-	-
Issue of shares	26,419	392,111	-	-	-	-
Transfer to exchange reserves	-	-	-	330	-	-
Net loss for the period	-	-	-	-	-	(1,500)
At 30 September 2007	<u>26,419</u>	<u>392,111</u>	<u>-</u>	<u>330</u>	<u>-</u>	<u>(1,500)</u>

* The amount is net of share issues expenses

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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 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.

A Restructuring Exercise was undertaken in connection with the Initial Public Offer ("IPO"). (Please refer to the Prospectus registered dated 9 July 2007).

The Company was incorporated in Bermuda on 27 March 2007

Pursuant to the sale and purchase agreement dated 10 April 2007, in consideration for the acquisition of Theme Way Limited, a company incorporated in Hong Kong, from Lin Shaoxiong and Li Tung Kwo, our Company issued 17,980,000 ordinary shares of HK\$ 1.00 each credited as fully paid to Lin Shaoxiong and Li Tung Kwo in equal proportions and credited as fully paid, the 20,000 ordinary shares of HK\$ 1.00 each in the capital of the Company held by Lin Shaoxiong and Li Tung Kwo, which had been previously issued nil-paid.

Pursuant to a sale and purchase agreement dated 23 February 2007, on 12 April 2007, Li Tung Kwo transferred to Ricco Strategic Long Term Investment Holdings Limited and Colinton Investment Limited 758,400 and 189,600 shares of HK\$ 1.00 each in our Company respectively for an aggregate purchase consideration of HK\$ 948,000.

Pursuant to a subscription agreement dated 5 April 2007, the Pre-IPO Investors (as defined and identified in the Prospectus) subscribed for an aggregate of 948,000 shares of HK\$ 1.00 in the capital of our Company for an aggregate subscription consideration of S\$ 3,570,000 (the "Subscription"), whereby such shares were issued on 4 June 2007.

The number of shares in the Company after the Restructuring Exercise was 18,948,000 ordinary shares of HK\$1.00 each.

The shareholders of the Company approved and undertook the followings:

1. increased the authorised share capital of our Company from HK\$ 50,000,000 divided into 50,000,000 ordinary shares of HK\$ 1.00 each to HK\$ 500,000,000 divided into 500,000,000 ordinary shares of HK\$ 1.00 each;
2. subdivided every one ordinary share of HK\$ 1.00 in the authorised and issued share capital of our Company into 25 ordinary shares of HK\$ 0.04 each in the capital of our Company; and
3. consolidated every two ordinary shares of HK\$ 0.04 each in the authorised and issued share capital of our Company into one ordinary share of HK\$ 0.08;

whereupon the number of shares in the Company was 236,850,000 ordinary shares of HK\$ 0.08 each.

Pursuant to the initial public offering ("IPO") of the shares of the Company, a total of 100,000,000 new ordinary shares were issued by way of public offer and placement.

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Details of the changes to the issued and paid-up share capital of the Company since the date of its incorporation, up to 30 September 2007 are as follows:

	Number of shares	Issued and paid-up capital (HK\$)
Issued nil-paid ordinary shares of HK\$ 1.00 each upon incorporation	20,000	20,000/nil paid
Acquisition of Theme Way Limited	17,980,000	18,000,000
Subscription by Pre-IPO Investors	948,000	948,000
	-----	-----
Total	<u>18,948,000</u>	<u>18,948,000</u>
Sub-division of one ordinary share into 25 ordinary shares	473,700,000	18,948,000
Consolidation of two ordinary shares into 1 ordinary share	236,850,000	18,948,000
New Shares issued pursuant to the IPO	100,000,000	8,000,000
	-----	-----
Share capital after the IPO and as at 30 September 2007	<u>336,850,000</u>	<u>26,948,000</u>

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 the 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.

The Group has applied the same accounting policies and methods of computations for the current reporting period consistent with those of the combined audited financial statement as at 31 December 2006.

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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.**

There are no changes in accounting policies and methods of computation.

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.**

	Third Quarter		9 Months	
	2007	2006	2007	2006
Profit after income tax (RMB'000)	47,147	19,805	120,705	53,426
Basic earning per share (RMB cents)	14.8	8.4	45.7	22.6

The basic earnings per share is calculated based on profit after income tax divided by the weighted average ordinary shares during the period of 264,322,527 shares (2006: 236,850,000 shares). There is no difference between the basic and diluted earnings per share.

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

	Group	Group	Company
	Unaudited	Audited	Unaudited
	As at 30 Sept 2007	As at 31 Dec 2006**	As at 30 Sept 2007
Net assets value per share based on existing issued capital as at the respective period (RMB cents)	169.88	24.12	124.35
Issued share capital at the end of financial period	336,850,000	236,850,000	336,850,000

* No comparatives are shown for the Company which was incorporated on 27 March 2007.

** The net asset value per ordinary share at the immediately preceding financial year have been calculated based on pre-inviation share capital of 236,850,000 ordinary shares

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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

During the nine months ended 30 September 2007, the Group recorded revenue of approximately RMB 857.8 million, an increase of approximately RMB 365.9 million or 74.4% over revenue of approximately RMB 491.9 million for the previous corresponding period. The increase in revenue was attributable to the expansion of our distribution network and the increase in the average selling price of our footwear products and the increase in sales of YELI apparel.

Breakdown of Revenue by Business Lines:

(RMB million)	FY2006	%	3Q 07	%	3Q 06	%	9M 07	%	9M 06	%
YELI products	425.5	62	267.7	80	127.3	73	654.3	76	346.2	70
OEM	264.5	38	68.3	20	47.7	27	203.5	24	145.7	30
Total Sales	690.0	100	336.0	100	175.0	100	857.8	100	491.9	100

For 9M 2007, sales of YELI products increased by approximately RMB 308.1 million due mainly to the successful implementation of our Group's strategy to increase the of our YELI products. The proportion of sales of YELI products over total sales increased to approximately 76% in 9M 2007 from 62% and 70% in FY2006 and 9M 2006 respectively.

Breakdown of YELI revenue by product segment:

(RMB million)	FY2006	%	3Q 07	%	3Q 06	%	9M 07	%	9M 06	%
Footwear	412.0	97	208.6	81	127.3	100	513.5	78	346.2	100
Apparel	13.5	3	59.1	19	Nil	0	140.8	22	Nil	0
Total YELI	425.5	100	267.7	100	127.3	100	654.3	100	346.2	100

For 9M 2007, our YELI apparel sales was approximately RMB 140.8 million which represented 22% of YELI revenue or approximately 16.4% of our total revenue as compared to only approximately 2% of our total revenue in FY2006.

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(RMB million)	FY2006	%	3Q 07	%	3Q 06	%	9M 07	%	9M 06	%
Domestic sales	312.2	73	209.4	78	87.3	69	529.5	81	264.2	76
Export sales	113.3	27	58.3	22	40.0	31	124.8	19	82.0	24
Total YELI	425.5	100	267.7	100	127.3	100	654.3	100	346.2	100

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

	FY2006	1H 07	1H 06	Growth	9M 07	9M 06	Growth
Point of Sales	Over 1,500*	Over 1,750*	Over 1,300*	35%	Over 1,900*	Over 1,350*	41%

* The above numbers were compiled by aggregating the number of sales outlets provided by each of our distributors.

Average selling price ("ASP") of footwear:

RMB	FY2006	3Q 07	3Q 06	Growth	9M 07	9M 06	Growth
YELI	50.3	63.3	55.2	15%	61.4	49.1	25%
OEM	35.2	64.0	24.9	156%	63.3	31.3	102%

The distribution network for our YELI products in PRC from over 1,500 sales point in FY2006 had increased to more than 1,900 sales points as at 30 September 2007. With the increasing awareness of our YELI brand, we were able to increase the ASP of our YELI footwear products in 9M 2007 by approximately 25% and 22% over 9M 2006 and FY2006 respectively. The ASP of OEM product also increased by 102% over the previous period in FY2006. The significant increase was due to our Group's strategy of only maintaining the production of OEM products with higher margins.

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Breakdown of footwear revenue by production method:

	FY2006	%	3Q 07	%	3Q 06	%	9M 07	%	9M 06	%
In-house production										
Volume ('000 pairs)	11,759		3,240		3,132		8,449		9,091	
Sales (RMB million)	499.0	74	198.8	72	126.8	72	511.4	71	370.3	75
Outsourced production										
Volume ('000 pairs)	3,952		1,118		1,093		3,126		2,908	
Sales (RMB million)	177.5	26	77.9	28	48.2	28	205.5	29	121.6	25
Total										
Volume ('000 pairs)	15,711		4,358		4,225		11,575		11,999	
Sales (RMB million)	676.6	100	276.7*	100	175.0*	100	716.9*	100	491.9*	100

* The sales amount included both YELI footwear sales and OEM footwear sales.

Cost of goods solds and gross profit margin

In line with the increase in revenue, our cost of sales increased by approximately RMB 265.3 million or 65.3% from approximately RMB 406.5 million for the 9M 2006 to approximately RMB 671.8 million for the 9M 2007.

Our gross profit increased by approximately RMB 100.5 million or 117.8% from approximately RMB 85.4 million for the 9M 2006 to approximately RMB 185.9 million for the 9M 2007. Our gross profit margin increased from approximately 17.4% for the 9M 2006 to approximately 21.7% for the 9M 2007. The increase was mainly attributable to the increase in sales of YELI apparel which had better margins and the increase in the ASP of our footwear products (both YELI and OEM products).

Gross Profit Margin:

RMB	FY2006	3Q 07	3Q 06	Growth	9M 07	9M 06	Growth
YELI – Footwear	18%	20%	16%	20.1%	20%	17%	14%
OEM – Footwear	16%	18%	16%	12%	19%	17%	9%
YELI – Apparel	35%	33%	Nil	NM	33%	Nil	NM

NM – Not meaningful

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Operating expenses

Operating expenses increased by 92.4% or approximately RMB 11.0 million from RMB 11.9 million for the 9M 2006 to approximately RMB 22.9 million for the 9M 2007. As a percentage of revenue, operating expenses has increased from 2.4% for the 9M 2006 to 2.7% for the 9M 2007.

Selling and distribution costs increased by 95.5% or approximately RMB 8.5 million from approximately RMB 8.9 million for the 9M 2006 to approximately RMB 17.4 millions for the 9M 2007. The increase was due mainly to increase in advertising and promotion expenses of approximately RMB 8.0 million incurred for promoting our products and so as to increase our publicity.

Administrative expenses increased by 83.8% or approximately RMB 2.5 million from approximately RMB 3.0 million for the 9M 2006 to approximately RMB 5.5 million for the 9M 2007. The increase was due mainly to the increase in professional fee of approximately RMB 0.4 million and the increase in the payroll and the related staff benefits and the director's remuneration of approximately RMB 1.1 million.

Finance costs decreased by approximately 19.6% or approximately RMB 0.1 million from approximately RMB 0.5 million for the 9M 2006 to approximately RMB 0.4 million for the 9M 2007. The decrease was mainly attributable to the retirement of our Group's bank loans during the current financial period.

Income Tax

Income tax expense increased by approximately RMB 22.9 million or 116.8% from approximately RMB 19.6 million for the 9M 2006 to approximately RMB 42.5 million for the 9M 2007. The increase was due mainly to the increase in the profit before tax for the 9M 2007.

(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 increased by approximately RMB 16.1 million from approximately RMB 16.7 million as at 31 December 2006 to approximately RMB 32.8 million as at 30 September 2007. This was mainly attributed to the acquisition of 2 new production lines and the construction in progress relating to the extension of the production floor in 2007.

Land use rights and intangible assets increased by approximately RMB 6.0 million from approximately RMB 2.7 million as at 31 December 2006 to approximately RMB 8.7 million as at 30 September 2007 due to the acquisition of the patent rights from thermal shoes.

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Current Assets

Inventories, comprised mainly of raw materials, increased by approximately RMB 14.3 million from approximately RMB 10.0 million as at 31 December 2006 to approximately RMB 24.2 million as at 30 September 2007. The increase was in anticipation of the expected increase in demand from customers in the last quarter of the year.

Trade receivables increased from approximately RMB 98.8 million as at 31 December 2006 to approximately RMB 189.2 million as at 30 September 2007 in line with the increase of the Group's turnover.

Current Liabilities

Trade payables and bills payables increased from approximately RMB 45.1 million as at 31 December 2006 to approximately RMB 73.6 million as at 30 September 2007. The increase was due to the increase in procurement to meet the increased demand from customers.

Accruals and other payables increased from approximately RMB 9.4 million as at 31 December 2006 to approximately RMB 29.7 million as at 30 September 2007. The increase was due to the expansion of operations to meet the increased demand from customers.

As at 30 September 2007, we had cash and bank balances and bank borrowings of approximately RMB 442.5 million and RMB 8.6 million respectively. The increase in cash and bank balances was due mainly to net cash inflow generated from operation and financing activities of approximately RMB 26.3 million. (Please refer to the statement of cash flow on page 5 for further details).

9. Use of IPO Proceeds

The following table details the utilisation of IPO proceeds up to 30 September 2007:

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	15.0	95.1
2.	Advertising and promotion activities	40.0	10.6	29.4
3.	Expansion of distribution network and increase of sales channel	40.0	1.5	38.5
4.	Enhance product design and development efforts	30.0	3.2	26.8
5.	General working capital	153.7	19.5	134.2
		<u>373.8</u>	<u>47.6</u>	<u>326.2</u>

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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.**

To capitalize on the growth opportunities from the robust PRC economy and the surging consumption spending, our Group will focus on four key areas, namely product development and enhancement, branding, capacity expansion and network expansion.

Our Group recently strengthened our product development team with headcount expansion and will continue to introduce new and broader range of products with trendy and fashionable designs which appeal to its target consumers. With a growing distribution network and stronger product development team, our Group plans to launch another high margin product line, accessories products which are expected to enhance our Group's gross margin in future.

We will continue to develop our intellectual property rights. Our Group has made the final payment of RMB1 million for the acquisition of the patent for our Thermal Shoes. The transfer of the Thermal shoes intellectual property rights is expected to be completed once the State Intellectual Property Office of PRC approves the patent registration.

In September 2007, our Group launched a new TV advertising campaign through 湖南卫视 ("HunanTV"), which is one of the most popular TV channels in the PRC amongst the younger audience with entertaining programs such as singing competitions and reality shows. Our agreement with HunanTV includes advertising in between HunanTV's programs as well as being a main title sponsor for a popular game show called 勇往直前 ("Yong Wang Zhi Qian"), where celebrities from the PRC and Hong Kong are invited to compete in outdoor and indoor games. Our Group currently plans to advertise on CCTV and will explore other branding strategies to strengthen YELI brand equity, including internet advertising and sponsorship agreements.

To cope with growing demand from customers for YELI products, our Group will reduce exposure to OEM business and selectively maintain the production of higher margin OEM products. In March and May 2007, 2 new production lines had been added, bringing total production lines to 8 (with a maximum annual production capacity of approximately 17.3 million pairs of footwear). Our Group will depend on existing third party contract manufacturers when orders exceed production capacity.

Our Group will continue to expand our distribution network to cover regions in the PRC where we currently have presence as well as new regions. We will expand our point of sales in shop-in-shop and specialty shop format. In 3Q07, distributors have started setting up YELI specialty stores in selective cities and we expect this will bring increased visibility and awareness to our YELI products. Our Group's total point of sales have exceeded 1900 at the end of 3Q07. Our Group believes we are on track to grow its distribution network point to approximately 2000 by the end of FY2007.

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Barring unforeseen circumstances, our Group is optimistic about our performance for the remaining period of the financial year.

12. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

**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.

BUSINESS SEGMENTS

The Group is engaged in only one business segment which is the design, manufacture and sales of sports fashion footwear and the design and sales of sports fashion apparel.

GEOGRAPHICAL SEGMENTS

The assets and liabilities of the Group are located in the PRC. No geographical segment results are presented.

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.

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16. A breakdown of sales.**Breakdown of Revenue by Geographical Regions:**

(RMB million)	FY2006	%	3Q 07	%	3Q 06	%	9M 07	%	9M 06	%
Domestic Sales	312.2	45	209.4	62	87.3	50	529.5	62	264.2	54
Export Sales	377.8	55	126.6	38	87.7	50	328.3	38	227.7	46
Total Sales	690.0	100	336.0	100	175.0	100	857.8	100	491.9	100

17. Interested Person Transaction

The personal guarantees provided by Non-executive Director, Lin Yongjian and Executive Director and Chief Executive Officer, Lin Shaoxiong to secure certain banking facilities have been discharged in July 2007.

There is no other interested person transaction.

18. Negative Assurance**Statement Pursuant to SGX Listing Rule 705(4) of the Listing Manual**

The Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results of the Company and of the Group for the third quarter and for the 9 months ended 30 September 2007 to be false or misleading.

On behalf of the Board of Directors:

Lin Shaoxiong
Chief Executive Officer

Lin Shaoqin
Executive Director

Singapore
13 November 2007

BY ORDER OF THE BOARD

Lin Shaoxiong
Chief Executive Officer
13 November 2007