CHINA SPORTS INTERNATIONAL LIMITED
(Company Registration No: 39798)

Unaudited Results for the Fourth Quarter and the Year ended 31 December 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.

	Fourth Quarter		Change	Full Year		Change
(RMB '000)	**2007**	**2006**	%	**2007**	**2006**	%
Revenue	349,275	198,121	76.3	1,207,050	690,018	74.9
Cost of sales	(270,956)	(161,162)	68.1	(942,796)	(567,683)	66.1
Gross profit	78,319	36,959	111.9	264,254	122,335	116.0
Other operating income	7,589	24	NM	8,184	119	NM
Selling and distribution expenses	(25,375)	(7,082)	258.3	(42,768)	(15,978)	167.7
Administrative expenses	(11,030)	(2,084)	429.3	(16,504)	(5,063)	226.0
Finance costs	(172)	(68)	152.9	(594)	(593)	0.2
Profit before income tax	49,331	27,749	77.8	212,572	100,820	110.8
Taxation	(14,947)	(7,587)	97.0	(57,483)	(27,232)	111.1
Profit after income tax	34,384	20,162	70.5	155,089	73,588	110.8
Gross profit margin	22.4%	18.7%		21.9%	17.7%	
Profit before income tax margin	14.1%	14.0%		17.6%	14.6%	
Profit after income tax margin	9.8%	10.2%		12.8%	10.7%	

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.

1(a)(ii) Other Information

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

	Fourth Quarter		Change	Full Year		Change
(RMB '000)	**2007**	**2006**	%	**2007**	**2006**	%
(a) Income statement includes the following:						
Interest paid on borrowings	(172)	(68)	152.9	(594)	(593)	0.2
Depreciation of property, plant and equipment	(832)	(443)	87.8	(2,658)	(1,921)	38.4
Amortisation of land use rights	(16)	(57)	(71.9)	(64)	(57)	12.3
Amortisation of intangible assets	(134)	-	NM	(134)	-	NM
Lease payments under operating lease for leasehold buildings	(871)	(246)	254.1	(1,618)	(966)	67.5
Salaries and related costs						
- Directors' remuneration	(496)	-	100	(1,396)	(33)	NM
- Key management personnel	(105)	(104)	1.0	(658)	(194)	239.2
(b) Other operating income comprises:						
Exchange gain	6,645	-	NM	6,645	-	NM
Interest income	944	24	3,833.3	1,539	119	1,193.3

NM – Not meaningful

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 31/12/2007	Group Audited As at 31/12/2006	Company* Unaudited As at 31/12/2007
Non-current assets			
Property, plant and equipment	60,384	16,718	4
Land use rights/Intangible assets	8,571	2,755	-
Investment in subsidiary	-	-	18,072
	68,955	19,473	18,076
Current assets			
Inventories	22,309	9,909	-
Amount due from subsidiary	-	-	388,477
Trade receivables	215,636	89,601	-
Prepayments, other receivables and deposits	9,380	800	2
Cash and cash equivalents	418,354	6,910	9,554
	665,679	107,220	398,033
Less: Current liabilities			
Trade and bills payables	62,234	45,070	-
Accrued liabilities and other payables	40,378	9,401	2,171
Interest-bearing bank borrowings	8,560	8,150	-
Provision for income tax	12,960	6,946	-
	124,132	69,567	2,171
Net current assets	541,547	37,653	395,862
Non current liabilities			
Deferred tax liabilities	1,794	-	-
Net assets	608,708	57,126	413,938
Share capital and reserves			
Share capital	26,419	18,874	26,419
Share premium	390,493	66	390,641
Merger reserves	801	-	-
Statutory reserves	35,833	20,302	-
Exchange reserves	(2,281)	-	330
Retained earnings	157,443	17,884	(3,452)
Shareholders' equity	608,708	57,126	413,938
Inventory turnover (days)	9	6	
Trade receivables turnover (days)	46	35	

* No comparatives are shown for the Company as it was only incorporated on 27 March 2007.

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 31/12/2007		As at 31/12/2006	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable	-	-	2,200	-
Interest-bearing loans	8,560	-	8,150	-
	8,560	-	10,350	-

Amount repayable after one year

	As at 31/12/2007		As at 31/12/2006	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable	-	-	-	-
Interest-bearing loans	-	-	-	-
	-	-	-	-

Details of any collateral

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

The bills payable, fully settled in FY 2007, were secured by bank deposits pledged with a bank.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Fourth Quarter		Full Year	
(RMB '000)	**2007**	**2006**	**2007**	**2006**
Cashflows from operating activities				
Profit before income tax	49,331	27,749	212,572	100,820
Adjustments for:				
Interest income	(944)	(24)	(1,539)	(119)
Depreciation of property, plant and equipment	832	443	2,658	1,921
Amortisation of land use rights/intangible assets	151	57	199	57
Interest expenses	172	68	594	593
Gain on disposal of fixed assets	(73)	-	(73)	-
Exchange difference in translation	(2,622)	9	(1,480)	-
Operating profit before working capital changes	46,847	28,302	212,931	103,272
Inventories	1,918	10,062	(12,400)	16,823
Trade receivables and other receivables	(34,346)	(46,482)	(134,615)	(47,589)
Trade and bills payables	(11,345)	(7,805)	17,164	5,494
Accrued liabilities and other payables	10,693	1,440	30,977	2,018
Cash generated from operations	13,767	(14,483)	114,057	80,018
Interest received	944	24	1,539	119
Interest paid	(172)	(68)	(594)	(593)
Income tax paid	(16,549)	(7,851)	(49,675)	(25,079)
Net cash generated (used in)/from operating activities	**(2,010)**	**(22,378)**	**65,327**	**54,465**
Cashflows from investing activities				
Acquistion of land use rights/Intangible assets	-	-	(6,015)	(707)
Bank deposit pledged	-	(1,540)	-	(1,540)
Proceeds from disposal of fixd assets	493	-	493	0
Purchases of property, plant and equipment	(28,875)	1,352	(46,743)	0
Net cash used in investing activities	**(28,382)**	**(188)**	**(52,265)**	**(2,247)**
Cashflows from financing activities				
Bank loans obtained	-	7,600	8,560	7,600
Repayment of bank loans	-	-	(8,150)	(14,140)
Issue of new shares	-	-	397,972	10,412
Payment of dividend	-	(1,420)	-	(53,400)
Net cash generated from (used in) financing activities	**0**	**6,180**	**398,382**	**(49,528)**
Net increase (decrease) in cash and cash equivalents	**(30,392)**	**(16,386)**	**411,444**	**2,690**
Cash and cash equivalents at beginning of period / year	**448,746**	**21,756**	**6,910**	**2,680**
Cash and cash equivalents at end of period / year	**418,354**	**5,370**	**418,354**	**5,370**

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	Total
Group							
At 1 January 2006	8,462	66	-	-	12,939	5,059	26,526
Distribution to equity owners	-	-	-	-	-	(53,400)	(53,400)
Issue of shares	10,412	-	-	-	-	-	10,412
Transfer to statutory reserves	-	-	-	-	7,363	(7,363)	-
Net profit for the year	-	-	-	-		73,588	73,588
At 31 December 2006	18,874	66	-	-	20,302	17,884	57,126
At 1 January 2007	18,874	66	-	-	20,302	17,884	57,126
Issue of shares	7,545	390,427 *	-	-	-	-	397,972
Merger reserves arising from acquistion of subsidiary	-	-	801	-	-	-	801
Transfer to statutory reserves	-	-	-	-	15,531	(15,531)	-
Translation difference arising from the translation of foreign subsidiary	-	-	-	(2,281)	-	1	(2,280)
Net profit for the year	-	-	-	-	-	155,089	155,089
At 31 December 2007	26,419	390,493	801	(2,281)	35,833	157,443	608,708
Company							
Incorporated on 27 March 2007	-	-	-	-	-	-	-
Issue of shares	26,419	390,641	-	-	-	-	417,060
Exchange reserve arising from acquistion of a subsidiary	-	-	-	330	-	-	330
Net loss for the year	-	-	-	-	-	(3,452)	(3,452)
At 31 December 2007	26,419	390,641	-	330	-	(3,452)	413,938

* The amount is net of share issues expenses

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 share swap 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 each in the authorised and issued share capital of our Company into 25 ordinary shares of HK$ 0.04 each; 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 each.

whereupon the number of issued 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.

Details of the changes to the issued and paid-up share capital of the Company since the date of its incorporation, up to 31 December 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	18,948,000	18,948,000
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 31 December 2007	336,850,000	26,948,000

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.

The Group also adopted the following new accounting standards that are applicable with effect from 1 January 2007:

FRS 1 (Amendment)	Amendments relating to Capital Disclosures
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
INT FRS107	Applying the restatement approach under FRS 29 "Financial Reporting in Hyperinflationary Economies"
INT FRS 108	Scope of FRS 102

INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment

The adoption of these FRS AND INT FRS, where relevant to the Group and did not result in significant changes to the group's accounting policies except that FRS107 has resulted in an expansion of the disclosures regarding the group's financial instruments. The Group has also presented information regarding its objectives, policies and processes for managing capital as required by the amendments to FRS1.

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.

	Fourth Quarter		**12 Months**	
	2007	**2006**	**2007**	**2006**
Profit after income tax (RMB'000)	34,384	20,162	155,089	73,588
Basic earning per share (RMB cents)	12.2	8.5	54.9	31.1

The basic earnings per share is calculated based on profit after income tax divided by the weighted average ordinary shares during the period of 282,603,425 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 31 Dec 2007	**As at 31 Dec 2006****	**As at 31 Dec 2007**
Net assets value per share based on existing issued capital as at the respective period (RMB cents)	180.71	24.12	122.88
Issued share capital at the end of financial year	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

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

For the year ended 31 December 2007 ("FY2007"), the Group recorded revenue of approximately RMB 1,207.1 million, an increase of approximately RMB 517.1 million or 74.9% over revenue of approximately RMB 690.0 million for the previous year. 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)	4Q 07	%	4Q 06	%	FY2007	%	FY2006	%
YELI products	286.8	82	79.3	40	941.1	78	425.5	62
OEM	62.5	18	118.8	60	266.0	22	264.5	38
Total Sales	349.3	100	198.1	100	1,207.1	100	690.0	100

In FY2007, sales of YELI products increased by approximately RMB 515.6 million due mainly to the successful implementation of our Group's strategy to increase the sale of our YELI products. This trend continued to be evident in 4Q 07 where proportion of sales of YELI products increased to 82%. The proportion of sales of YELI products over total sales increased to approximately 78% in FY2007 from 62% in FY2006.

Breakdown of YELI revenue by product segment:

(RMB million)	4Q 07	%	4Q 06	%	FY2007	%	FY2006	%
Footwear	222.2	78	65.8	83	735.7	78	412.0	97
Apparel	64.6	22	13.5	17	205.4	22	13.5	3
Total YELI	286.8	100	79.3	100	941.1	100	425.5	100

In FY2007, our YELI apparel sales was approximately RMB 165.1 million which represented 18% of YELI revenue or approximately 13.7% of our total revenue as compared to only approximately 2% of our total revenue in FY2006.

Breakdown of YELI revenue by region:

(RMB million)	4Q 07	%	4Q 06	%	FY2007	%	FY2006	%
Domestic sales	246.5	86	48.0	61	776.0	82	312.2	73
Export sales	40.3	14	31.3	39	165.1	18	113.3	27
Total YELI	286.8	100	79.3	100	941.1	100	425.5	100

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

	FY2007	FY2006	Growth
Point of Sales	Over 2,000*	Over 1,500*	33%

* 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	FY2007	FY2006	Growth
YELI	63.4	50.3	26%
OEM	63.4	35.2	80%

The distribution network for our YELI products in PRC increased from over 1,500 sales points in FY2006 to more than 2,000 sales points as at 31 December 2007. With the increasing awareness of our YELI brand, we were able to increase the ASP of our YELI footwear products in FY2007 by approximately 26% over FY2006. The ASP of OEM product had also increased by 80% over FY2006. The significant increase was due to our Group's strategy of only maintaining the production of OEM products with higher margins.

Breakdown of footwear revenue by production method:

	4Q 07	%	4Q 06	%	FY2007	%	FY2006	%
In-house production								
Volume ('000 pairs)	3,134		2,668		11,583		11,759	
Sales (RMB million)	200.8	71	128.8	70	712.3	71	499.0	74
Outsourced production								
Volume ('000 pairs)	1,087		1,044		4,213		3,952	
Sales (RMB million)	83.9	29	55.8	30	289.4	29	177.5	26
Total								
Volume ('000 pairs)	4,221		3,712		15,796		15,711	
Sales (RMB million)	284.7*	100	184.6*	100	1,001.7*	100	676.5	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 375.1 million or 66.1% from approximately RMB 567.7 million in FY2006 to approximately RMB 942.8 million in FY2007.

Our gross profit increased by approximately RMB 142.0 million or 116.1% from approximately RMB 122.3 million in FY2006 to approximately RMB 264.3 million in FY2007. Our gross profit margin increased from approximately 17.7% in FY2006 to approximately 21.9% in FY2007. The increase was mainly attributable to the increase in sales of YELI apparel which had higher margins as compared to our footwear products and the improvement in gross profit margins of our footwear products (for both YELI and OEM products) as a result of higher ASP.

Gross Profit Margin by Products:

RMB	4Q 07	4Q 06	Growth	FY2007	FY2006	Growth
YELI – Footwear	21%	20%	5%	20%	18%	11%
OEM – Footwear	19%	14%	36%	19%	16%	19%
YELI – Apparel	34%	35%	-3%	35%	35%	-

Other operating income

Other operating income mainly comprise exchange gains arising from foreign currency denominated transactions.

Operating expenses

Operating expenses increased by approximately RMB 38.3 million or 182.4% from approximately RMB 21.0 million in FY2006 to approximately RMB 59.3 million in FY2007. As a percentage of revenue, operating expenses has increased to approximately 4.9% in FY2007 from 3.1% in FY2006.

Selling and distribution costs increased by approximately RMB 26.8 million or 167.7% from approximately RMB 16.0 million in FY2006 to approximately RMB 42.8 millions in FY2007. The increase was mainly due to increase in advertising and promotion expenses of approximately RMB 39.9 million incurred for promoting our products to increase our YELI brand value. Selling and distribution costs accounted for approximately 3.5% of our revenue in FY2007 up from 2.3% in FY2006.

Administrative expenses increased by approximately RMB 11.4 million or 226.0% from approximately RMB 5.1 million in FY2006 to approximately RMB 16.5 million in FY2007. The increase was due mainly to listing expenses of approximately RMB 2.8 million, increase in payroll of key management personnel and the director‘s remuneration of approximately RMB 1.8 million, relocation expenses of approximately RMB 3.0 million and approximately RMB 0.6 million incurred for the rental of our new office.

Finance costs

Finance costs in FY2007 were approximately RMB 0.6 million, similar to FY2006.

Income Tax

Income tax expense increased by approximately RMB 30.3 million or 111.4% from approximately RMB 27.2 million in FY2006 to approximately RMB 57.5 million in FY2007. The increase was due mainly to the increase in profit before tax in FY2007. The effective tax rate in FY2007 was approximately 27% which was similar to FY2006.

(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 43.7 million from approximately RMB 16.7 million as at 31 December 2006 to approximately RMB 60.4 million as at 31 December 2007. This was mainly attributed to the acquistion 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 5.8 million from approximately RMB 2.8 million as at 31 December 2006 to approximately RMB 8.6 million as at 31 December 2007 due to the acquistion of the patent for the thermal shoes.

Current Assets

Inventories, comprised mainly of raw materials, increased by approximately RMB 12.3 million from approximately RMB 10.0 million as at 31 December 2006 to approximately RMB 22.3 million as at 31 December 2007. The increase was in anticipation of the expected increase in demand from customers in 2008.

Trade receivables increased from approximately RMB 89.6 million as at 31 December 2006 to approximately RMB 215.6 million as at 31 December 2007 due mainly to the increase in our revenue and longer credit terms given to our distributors to align with market conditions.

Current Liabilities

Trade payables and bills payables increased from approximately RMB 45.1 million as at 31 December 2006 to approximately RMB 62.2 million as at 31 December 2007. The increase was due to the increase in purchases of raw material to meet the anticipated increase in demand from customers. This was in line with the increase in our inventories.

Accruals and other payables increased from approximately RMB 9.4 million as at 31 December 2006 to approximately RMB 40.4 million as at 31 December 2007. The increase was due to capital expenditure incurred for the expansion of its operations to meet the increase in demand from customers.

As at 31 December 2007, we had cash and bank balances and bank borrowings of approximately RMB 418.4 million and RMB 8.6 million respectively. The increase in cash and bank balances was due mainly to net cash inflow generated from operations and funds raised from the IPO of our Company in July 2007 of approximately RMB 463.8 million. (Please refer to the statement of cash flow on page 5 for further details). Our bank borrowings remained fairly constant over the two financial years.

9. Use of IPO Proceeds

The following table details the utilisation of IPO proceeds up to 31 December 2007:

No.	Planned Usage	IPO Proceeds (RMB million)	Cumulative Amount used (RMB million)	Balance (RMB million)
1.	Acquistion and/or construction of new manufacturing facilities, addition of new production lines and upgrading of manufacturing facilities	110.1	46.3	63.8
2.	Advertising and promotion activities	40.0	31.2	8.8
3.	Expansion of distribution network and increase of sales channel	40.0	8.5	31.5
4.	Enhance product design and development efforts	30.0	11.0	19.0
5.	General working capital	153.7	141.3	12.4
		373.8	238.3	135.5

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.

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, we will focus on product development and enhancement, advertising and promotion as well as network expansion in 2008.

We recently strengthened the product development team with headcount expansion 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, we have plans to launch another high margin product line, accessories products in 2008.

In September 2007, we launched a 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 included 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 compete in outdoor and indoor games. The feedback and response from distributors since advertising through HunanTV has been encouraging. We have also received proposals from new distributors expressing interest to market our YELI products. As a result, we target to expand its point of sales by about 40% in 2008.

In 2008, we intend to increase our advertising and promotion expenses to strengthen YELI brand value and enhance brand visibility. We believe that growing YELI brand value will enable it to raise the selling price of its products subsequently. We sold approximately 12 million pairs of YELI shoes in 2007. With the sizeable and growing sales volume, we should be able to enjoy economies of scale and operating leverage as it increases the selling price of its products.

We will continue to explore various forms of advertising avenues to grow its brand value and market share. We 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. We had 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. Our YELI brand logo will be link to its corporate website and internet advertising banners will be featured in both websites.

Barring unforeseen circumstances, we are optimistic about our performance in 2008.

12. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

Final dividend proposed

Name of Dividend:	First and Final
Dividend Type:	Cash
Dividend Rate:	RMB 0.093 per share
Number of shares:	336,850,000
Tax rate:	Tax exempt one-tier

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

To be announced at a later date.

(d) Books closure date

To be announced at a later date.

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

(RMB million)	4Q 07	%	4Q 06	%	FY2007	%	FY2006	%
Domestic Sales	246.5	71	48.0	24	776.0	64	312.2	45
Export Sales	102.8	29	150.1	76	431.1	36	377.8	55
Total Sales	349.3	100	198.1	100	1,207.1	100	690.0	100

The assets and liabilities of the Group are located in the PRC.

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.

16. Breakdown of sales

Group	FY 07 RMB'000	FY06 RMB'000	Change %
Sales reported for the first half year	521,842	316,903	64.7
Operating profit after tax reported for first half year	73,558	33,621	118.8
Sales reported for the second half year	685,208	373,115	83.6
Operating profit after tax reported for second half year	81,531	39,967	104.0

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 a bank loan of RMB 8.56 million taken during the year. This guarantee was subsequently discharged in July 2007.

There is no other interested person transaction.

BY ORDER OF THE BOARD

Lin Shaoxiong
Chief Executive Officer
28 January 2008