

CHINA SPORTS INTERNATIONAL LIMITED

(Company registration no.: 39798)

(Incorporated in Bermuda)

CLARIFICATION OF RATIONALE FOR PLACEMENT OF 120,000,000 ORDINARY SHARES IN THE CAPITAL OF CHINA SPORTS INTERNATIONAL LIMITED (THE “PLACEMENT”)

The Board of Directors of China Sports International Limited (the “Company”, and, together with its subsidiaries, the “Group”) refers to our announcement 00056 released on 22 January 2010 (the “January Announcement”) in relation to the Placement. Capitalised terms used in the January Announcement shall have the same meaning in this announcement.

We have received queries from our shareholders and the investing public about the rationale for the Placement given our Group’s strong net cash position. As at 30 September 2009, our Group has cash balance of approximately RMB869 million.

We refer to our Offer Information Statement (the “OIS”) lodged with the Monetary Authority of Singapore on 22 January 2010 (a copy of which is attached to our announcement 00173 released on 22 January 2010), where we described certain planned capital expenditure. Terms defined in the OIS shall bear the same meaning in this announcement.

We would like to elaborate on our planned capital expenditure and operating expenses (as described in the OIS or otherwise) as follows:

(a) Between RMB150 million to RMB180 million for the construction of new plant

Our Group is in advanced stage of negotiation to acquire an industrial plot for the construction of a new manufacturing facility in Fujian Province. Upon completing acquisition of the industrial plot, our Group will commence construction of the new plant which is estimated to take between 2 to 3 years from the commencement of work to completion. The estimated costs of acquiring the industrial plot and construction of the new plant are between RMB150 million to RMB180 million.

(b) Approximately RMB30 million for the construction of multi-complex

Our Group intends to build a new multi-complex, within the compound of our current plant, which would house show rooms for YELI products and FIFA products. The estimated cost of building the multi-complex is approximately RMB30 million.

(c) Approximately RMB50 million to RMB100 million for the expansion of YELI specialty stores

As at September 2009, the number of specialty stores within our Group had increased to more than 510, compared to approximately 390 as at September 2008 while the number of shops-in-shops had decreased to approximately 1,450 as at September 2009 from approximately 1,860 as at September 2008. During the first 9 months of 2009, we 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. The strategy to increase the number of specialty stores is important as these specialty stores are mostly located at street level and have larger display area. As such, they will provide a better image and platform to display the entire range of YELI products including footwear, apparel and accessories.

Based on recent discussions with our YELI distributors, our Group expects our distributors to set up between 100 to 200 new YELI specialty stores in FY2010. We will continue to support our distributors by providing furniture and fittings as well as renovation subsidies for the new YELI specialty stores. The estimated cost for the expansion of the network of YELI specialty stores for FY2010 is RMB50 million to RMB100 million.

(d) Approximately RMB30 million to RMB50 million for promotion and advertising of YELI products

Our Group will continue to invest in building our YELI brand to increase its brand value through advertising and promotional (“A&P”) activities such as print, television and web-based advertisements, sponsorship of events and other public relations activities. The estimated A&P expenses for YELI brand in FY2010 are between RMB30 million to RMB50 million.

(e) Approximately RMB30million to RMB90 million for setting up distribution network for FIFA related products

Our Group plans to roll out FIFA modular stores in the PRC over the next 3 years to market the FIFA Collections. These will be located mainly in our existing YELI specialty stores. Separately, our Group plans to set up FIFA Official Event Stores in various cities in the PRC ahead of the 2010 FIFA World Cup South Africa™ to leverage on the growing interest in football in the PRC and the upcoming 2010 FIFA World Cup™ event. Further we will be exploring the possibility of FIFA stand-alone stores.

The estimated expenditure to set up a distribution network to market FIFA related products (including the setting up of FIFA stand-alone stores), such as provision of renovation subsidies as well as furniture and fittings to our distributors for

setting up FIFA modular stores, FIFA specialty stores and Official Event Stores, is approximately RMB115 million to RMB175 million. Approximately RMB85 million from the proceeds of the Placement will be used to partially fund the set up of the distribution network. The balance RMB30million to RMB90 million will be funded from our Group's cash.

The remaining cash balance is intended to be used in the ordinary course of business such as working capital for the Group and for potential investments and acquisitions should appropriate opportunities arise.

For the nine months ended 30 September 2009, our Group recorded a revenue of approximately RMB1,508 million as compared to a revenue of approximately RMB1,355 million for the corresponding period in 2008. As our sales increased, our working capital requirement increased correspondingly. Going forward, as our Group expands the distribution network for YELI stores further and with the commencement of sales of FIFA products, the Group expects its working capital requirements to further increase.

We would like to highlight that the above statements as to the planned capital expenditure are subject to various factors beyond the control of our Group. Even if the proposed activities were undertaken, the amount of expenditure ultimately utilized might be more or less than the amount estimated and stated in this announcement.

By Order of the Board

Mr Lin Shaoxiong

Executive Chairman and Chief Executive Officer

4 February 2010