

CHINA SPORTS INTERNATIONAL LIMITED
(Company registration no.: 39798)
(Incorporated in Bermuda)
(the "Company")

PROPOSED PLACEMENT OF UP TO 120,000,000 ORDINARY SHARES IN THE CAPITAL OF CHINA SPORTS INTERNATIONAL LIMITED (THE "PLACEMENT")

1. INTRODUCTION

1.1 The Directors of the Company wish to announce that the Company had on 22 January 2010 entered into a placement agreement ("Placement Agreement") with UOB Kay Hian Private Limited (the "Placement Agent") pursuant to which the Placement Agent has agreed, on a best endeavours basis, to procure subscribers for up to 120,000,000 ordinary shares in the capital of the Company ("Placement Shares") at the placement price of S\$0.18 per Placement Share ("Placement Price") ("Placement").

1.2 In connection with the Placement, the Company has also entered into a share lending agreement with the Company's Executive Chairman and Chief Executive Officer, Lin Shaoxiong ("Mr Lin"), pursuant to which Mr Lin had agreed to loan to the Company up to 120,000,000 existing ordinary shares in the Company beneficially held by him ("Loan Shares"). The Loan Shares will be used by the Company to facilitate the delivery of the Placement Shares on completion of the Placement.

Pursuant to the Share Lending Agreement, the Company will return the Loan Shares to Mr Lin on the earlier of (i) date on which the SGX-ST grants its in-principle approval for the listing and quotation of the Placement Shares on the Official List of the SGX-ST, or such earlier time as may be agreed between the Parties; and (ii) 31 March 2010.

1.3 The Placement Price represents a discount of 15.8% to the weighted average price of S\$0.2138 for the trades done on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 21 January 2010, being the last full market day before a trading halt of the Company's shares was effected on 22 January 2010 for the signing of the Placement Agreement.

1.4 The Placement Shares will be delivered free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank in all respects *pari passu* with the then existing issued Shares except that the Placement Shares will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of the issue of the Placement Shares.

2. CONDITIONS PRECEDENT

The Placement is conditional, *inter alia*, upon an offer information statement ("OIS") being lodged with and accepted by the Monetary Authority of Singapore.

3. MANDATE FOR THE ISSUE OF THE NEW SHARES

3.1 The Placement Shares, will be issued pursuant to the general mandate given by the shareholders of the Company at the annual general meeting of the Company held on 28 April 2009 to issue shares and convertible securities.

3.2 As at the date of the announcement, the Company has 842,125,000 Shares. The Placement Shares represent 14.25% of the total issued and paid-up capital of the

Company prior to the Placement. On the assumption that the Placement Shares are fully placed out, The Placement Shares, when allotted and issued, will represent approximately 12.47% of the enlarged issued and paid-up shares capital of the Company upon completion of the proposed Placement.

4. FINANCIAL EFFECTS

- 4.1 As at the date of this Announcement, the issued and paid up capital of the Company is HKD33,685,000 comprising of 842,125,000 Shares. If and when the new 120,000,000 Shares are allotted and issued in full, the existing issued and paid-up share capital of the Company will increase by HKD4,800,000 to HKD38,485,000 divided into 962,125,000 Shares.
- 4.2 The earnings per Shares (“EPS”) and the net asset value (“NAV”) per Share of the Company and its subsidiaries the (“Group”) based on the audited accounts of the Group as at 31 December 2008 were 27.45 RMB cents and 113.16 RMB cents respectively. The EPS and NAV per Share of the Group for the financial year ended 31 December 2008, after adjusting for the issue of the Placement Shares, will be 19.22 RMB cents and 111.24 RMB cents respectively.

5. PURPOSE OF THE PLACEMENT

- 5.1 When allotted and issued in full, the estimated net proceed from the Placement after deducting expenses incurred in connection with the Placement is expected to amount to S\$ 20.5 million (or approximately RMB 100 million).
- 5.2 To leverage on the growing interest in football in the PRC and the upcoming 2010 FIFA World Cup™ event, the Company plans to roll out FIFA modular stores and to set up FIFA Official Event Stores in various cities in the PRC ahead of the 2010 FIFA World Cup South Africa™. The estimated expenditure to set up distribution network to market FIFA related products, such as provision of renovation subsidies as well as furniture and fittings to distributors for setting up FIFA modular stores and Official Event Stores, is approximately RMB 115.0 million. The Company intends to allocate approximately RMB 85.0 million to partially fund the set up of the distribution network. The remainder of the expenditure will be funded from the Company’s internal sources.
- 5.3 The Company also intends to utilise approximately RMB 15.0 million of the net proceeds from the Placement for advertising and promotional activities to promote FIFA products in the PRC.
- 5.4 A breakdown on the use of the net proceeds from the Placement is as follows:

Use of net proceeds from the Placement	S\$ million	RMB million
Setting up a distribution network for FIFA products, including setting up FIFA modular stores and FIFA Official Event Stores	17.4	85.0
Advertising and promotional activities to promote FIFA products including print, television and web-based advertisements, sponsorship of events, other public relations activities	3.1	15.0
Total	20.5	100.0

- 5.5 Pending the deployment of the net proceeds, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

5.6 In the reasonable opinion of the Directors, no minimum amount must be raised from the Placement.

6. GENERAL

6.1 None of the Placement Shares will be placed with any person or groups of persons in contravention of the provisions of the Listing Manual of the SGX-ST.

6.2 The Placement would not result in any transfer of controlling interest in the Company.

6.3 The Company will be making an application to the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-ST in due course and would make the necessary announcements once the approval in principal is received from SGX-ST.

By Order of the Board

Mr Lin Shaoxiong
Executive Chairman and Chief Executive Officer

Date: 22 January 2010