



China Sports International Limited  
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## **PRESS RELEASE**

### **CHINA SPORTS TO ISSUE UP TO 120 MILLION NEW SHARES TO FUND EXPANSION OF DISTRIBUTION NETWORK FOR FIFA RELATED PRODUCTS**

- New FIFA Official Event Stores and FIFA Modular Stores are mainly located near or inside YELI stores, this is expected to increase consumer traffic to YELI stores as well as enhancing YELI brand equity

**SINGAPORE, 22 January, 2010** – 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 the PRC today announced that it has entered into a placement agreement with UOB Kay Hian Private Limited to place up to 120 million new ordinary shares (“Placement Shares”) at the placement price of S\$0.18. The Placement Shares represent approximately 14.25% of the existing issued and paid up capital of China Sports. The net proceeds of approximately S\$20.5 million from the placement will be used to fund the expansion of distribution network for Fédération Internationale de Football Association (“FIFA”) related products in the PRC as well as the estimated costs for FIFA related advertising and promotional (“A&P”) activities.

On 8 January 2010, China Sports announced that it has signed an agreement with Global Brands Group to become the authorized master distributor of official FIFA football lifestyle clothing and accessories (“FIFA Collections”) throughout the PRC. The 4 main categories of FIFA Collections include apparel, headwear, footballs and bags.

The collaboration with Global Brands Group to market FIFA sports and lifestyle products is consistent with the Group’s strategy to expand its footprint in the PRC sports fashion market. It will strengthen the Group’s product offerings and enable China Sports to establish a presence in the mid-to-high end sports fashion market.

In order to leverage on the growing interest in football in the PRC and the frenzy ahead of the 2010 FIFA World Cup™ event, China Sports will be setting up the FIFA Modular Stores and FIFA Official Event Stores (“OES”) in various cities in the PRC to offer football fans a wide range of football inspired licensed event

merchandise. China Sports plans to roll out FIFA Modular Stores in the PRC over the next three years to market the FIFA Collections. Majority of the FIFA Modular Stores will be set up within the Group's existing YELI Stores.

On the other hand, the OES will be set up outside or within YELI stores.

Since the new FIFA Official Event Stores and FIFA Modular Stores are mainly located near or within YELI stores, this is expected to increase consumer traffic to YELI stores before and during the 2010 FIFA World Cup™ event. Additionally, it will also enhance China Sports corporate profile and YELI brand equity.

The estimated expenditure to set up the distribution network to market FIFA related products, such as provision of renovation subsidies as well as furniture and fittings to our distributors for setting up FIFA Modular Stores and Official Event Stores, is approximately RMB115 million. The estimated cost for A&P activities to promote FIFA products including print, television and web-based advertisements, sponsorship of events, other public relations activities is approximately RMB15 million.

Mr Lin Shaoxiong (林少雄), Chief Executive Officer of China Sports said, "Although we are still in net cash position, the existing cash balance is reserved for other capital expenditure and expenses. These include plans for construction of a new plant to boost production capacity, construction of a new multi-complex (including YELI showroom and FIFA showroom), setting up of approximately 100 new YELI specialty stores in FY2010, as well as additional A&P expenses for YELI products."

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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 and accessories under its own YELI (野力) brand. The Group's products are designed for both functional use and casual use, catering to the lifestyle of its targeted consumer group aged between 12 to 30 years old. The products are mainly sold through distributors who have a retail network of more than 1,960 points of sale throughout second, third and fourth tier cities in the PRC. The Group is also the authorized master distributor of FIFA football and lifestyle clothing and accessories for the PRC market.

**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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