



CHINA SPORTS INTERNATIONAL LIMITED

(Incorporated in Bermuda)
(Company Registration: 39798)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1 INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of China Sports International Limited (the “**Company**”) wishes to announce that the Company is proposing a renounceable non-underwritten rights issue of up to 288,384,500 new ordinary shares (“**Rights Shares**”) in the share capital of the Company at an issue price of S\$0.01 (“**Issue Price**”) for each Rights Share on the basis of one (1) Rights Share for every four (4) existing ordinary shares in the share capital of the Company (“**Shares**”) held by Entitled Shareholders (as defined below) as at a date and time to be determined by the Directors for the purpose of determining the entitlement of the Entitled Shareholders (as defined below) (“**Book Closure Date**”), fractional entitlements to be disregarded. The proposed renounceable non-underwritten rights issue shall hereinafter be referred to as the “**Rights Issue**”.

2 AUTHORITY FOR THE PROPOSED RIGHTS ISSUE

- 2.1 It is intended that the Rights Shares will be issued pursuant to the share issue mandate approved at the annual general meeting held on 30 April 2015 (the “**Share Issue Mandate**”), results of which were announced on the same date.
- 2.2 The Share Issue Mandate authorised, *inter alia*, the Directors to allot and issue shares and convertible securities of not more than 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than a pro rata basis to existing Shareholders does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company.
- 2.3 As at the date of approval for the Share Issue Mandate, the Company's issued share capital comprised 961,538,000 Shares (excluding 587,000 treasury shares). On 30 December 2015, the Company announced the proposed allotment and issuance of 192,000,000 Shares (the “**Subscription Shares**”) pursuant to the Share Issue Mandate (the “**Subscription**”). On 28 April 2016, the Company announced the completion of the Subscription. Following the allotment and issuance of the Subscription Shares, the Company's issued and paid-up capital increased from 961,538,000 Shares (excluding 587,000 treasury shares) to 1,153,538,000 Shares (excluding 587,000 treasury shares).
- 2.4 After taking into consideration the Subscription Shares issued pursuant to the Subscription, the remaining number of Shares that may be issued on a pro rata basis to Shareholders pursuant to

the Share Issue Mandate is 288,769,000 Shares. As the maximum number of Rights Shares to be issued pursuant to the Rights Issue is 288,384,500 Rights Shares, the Company will not be seeking specific approval from the Shareholders for the Rights Issue as the basis of the Rights Issue falls within the limit of the Share Issue Mandate.

- 2.5** The Rights Issue is subject to receipt by the Company of applicable approvals from regulatory authorities. Please refer to the section 7 entitled "Approvals and Other Conditions" to the Rights Issue for further details.

3 PRINCIPAL TERMS OF THE RIGHTS ISSUE

3.1 Basis for the provisional allotment

The Rights Issue will be made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of one (1) Rights Share for every four (4) existing Shares held by Entitled Shareholders (as defined below) as at the Book Closure Date. Fractional entitlements to any Rights Shares will be disregarded, and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and allocated to satisfy excess applications (if any) or disposed of or otherwise dealt with in such manner as the Board, in its absolute discretion, deems fit in the interests of the Company.

3.2 Issue Price

The Issue Price of S\$0.01 for each Rights Share represents a discount of 0% to the last transacted price of S\$0.01 per Share on the Main Board of the SGX-ST on 31 May 2016 (being the immediate market day preceding the date of this Announcement).

3.3 Eligibility of Shareholders to participate in the Rights Issue

3.3.1 The Company proposes, provisionally, to allot the Rights Shares to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**"). Entitled Shareholders mean all Entitled Depositors and Entitled Scripholders (as both terms are defined below).

3.3.2 Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts and whose registered addresses with The Central Depository (Pte) Limited ("**CDP**") are in Singapore as at the Books Closure Date, or who have, at least three (3) Market Days prior to the Book Closure Date provided CDP with addresses in Singapore for the service of notices and documents ("**Entitled Depositors**").

3.3.3 Entitled Scripholders are Shareholders whose share certificates have not been deposited with CDP and who have tendered to the share registrar valid transfers of their Shares and the certificates thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the share registrar with addresses in Singapore for the service of notices and documents ("**Entitled Scripholders**").

3.3.4 Status of the Rights Shares

The Rights Shares will, upon their allotment and issue, rank *pari passu* in all respects with all existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which precedes the date of issue of the Rights Shares. For this purpose, "record date" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Share Registrar or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

3.3.5 Foreign Shareholders

For practical reasons and in order to avoid any violation of applicable securities legislation in countries other than Singapore, the Rights Issue WILL NOT be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date, unless these Shareholders have, at least three (3) Market Days prior to the Books Closure Date, provided CDP or the Company c/o the share registrar (as the case may be) with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**").

All documents in respect of the Rights Issue, comprising an offering document in prescribed form ("**Offer Information Statement**") and the accompanying application forms to be issued by the Company will, therefore, not be mailed to any address outside of Singapore. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptances or application will be valid.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable, after dealings in the provisional allotments of Rights Shares commence. The net proceeds arising from such sales, after deducting all expenses, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date, save that no payment will be made of amounts of less than S\$10.00 to a single Foreign Shareholder. Such amount shall be dealt with as the Directors in their absolute discretion deem fit in the interests of the Company and no Foreign Shareholders shall have any claim against the Company or CDP in connection with such amounts. Further details on provisional allotments of Rights Shares, which would otherwise be provisionally allotted to Foreign Shareholders, will be set out in the Offer Information Statement.

3.3.6 Acceptance, excess application and payment procedures

Entitled Shareholders may, at their sole discretion, accept (in part or in full), decline, renounce or transfer their provisional allotments of Rights Shares. Entitled Shareholders are also eligible to apply for additional Rights Shares in excess of their provisional allotments.

In the allotment of excess Rights Shares, preference will be given to the rounding of odd lots. Directors and substantial shareholders of the Company who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue or have representation (direct or indirect through a nominee) on the Board will rank last in priority for the allotment of excess Rights Shares.

The procedures for acceptance, excess application and payment by Entitled Shareholders will be set out in the Offer Information Statement.

Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription for the Rights Shares and/or applications for excess Rights Shares by any Shareholder to avoid placing the relevant Shareholder in the position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares entitlement fully.

4 ISSUE SIZE

Based on the existing issued share capital of the Company of 1,153,538,000 Shares as at the date of this Announcement and assuming the Rights Issue is fully subscribed, up to 288,384,500 Rights Shares will be issued. Upon the allotment and issuance of the Rights Shares, the Company will have an issued share capital comprising 1,441,922,500 Shares.

5 RATIONALE OF THE RIGHTS ISSUE AND PROPOSED USE OF PROCEEDS

5.1 The rationale for this capital raising exercise is as follows:-

- (a) exploring opportunities for business development; and
- (b) general working capital purposes.

If all the Rights Shares are fully subscribed, the estimated net proceeds from the Rights Issue will amount to approximately S\$2,883,845. An amount equal to approximately S\$30,000 of the gross proceeds received will be applied towards the professional fees and related expenses.

The Company believes that the Issue Price of S\$0.01 is attractive and in the opinion of the Directors, there is no minimum amount that must be raised from the Rights Issue, taking into consideration the intended use of the proceeds as set out below.

5.2 The Company intends to use the net proceeds from the Rights Issue for general working capital purpose in the following manner:

- (a) 70% for exploring opportunities for business development; and
- (b) 30% for general working capital purposes.

Pending deployment of the net proceeds from the Rights Issue for the purposes stated, the net proceeds will be held on deposit or used for other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

The Directors are of the reasonable opinion that, barring unforeseen circumstances, after taking into consideration the Company's present bank facilities, the working capital available to the Company and its subsidiaries is sufficient to meet their present requirements.

The Company will make periodic announcements on the utilisation of such proceeds of the Rights Issue as and when they are materially disbursed and provide a status report on the use of such proceeds in the Company's annual report.

6 NON-UNDERWRITTEN

The Company intends to undertake the proposed Rights Issue on a non-underwritten basis in view of the savings in costs by the Company in respect of no underwriting fees. However, the Company will be approaching its substantial shareholders to obtain undertakings from them to subscribe for and/or procure the subscription of their respective pro rata entitlement to the Rights Shares. As and when the Company has secured any such undertakings, it will update Shareholders accordingly in an announcement.

7 GENERAL

The terms and conditions of the Rights Issue are subject to such changes as the Board may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be dispatched by the Company to Entitled Shareholders in due course.

SHAREHOLDERS AND/OR INVESTORS WHO WISH TO TRADE AND/OR INVEST IN THE SHARES OF THE COMPANY SHOULD EXERCISE DUE CAUTION AND NOTE THAT THERE IS NO ASSURANCE THAT THE RIGHTS ISSUE WILL PROCEED AS THEY ARE SUBJECT TO A NUMBER OF CONDITIONS TO BE FULFILLED. THE COMPANY WILL MAKE FURTHER ANNOUNCEMENT(S) ON THE RIGHTS ISSUE WHERE APPLICABLE.

8 APPROVALS AND OTHER CONDITIONS

The Rights Issue is subject to the receipt of an approval in-principle from the SGX-ST for the listing of and quotation of the Rights Shares upon their issue on the Official List of the SGX-ST. An application will be made by the Company to obtain the SGX-ST's approval for the listing of and quotation for the Rights Shares upon their issue. An appropriate announcement on the outcome of the application will be made in due course.

In addition to the approval of the SGX-ST, the Rights Issue is subject to, inter alia, the lodgement by the Company of the Offer Information Statement, together with all other accompanying documents (if applicable) with the Monetary Authority of Singapore.

9 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

None of the Directors or substantial shareholders of the Company have any interests, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company).

10 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the

information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD
CHINA SPORTS INTERNATIONAL LIMITED

LIN SHAOXIONG
Chief Executive Director
2 June 2016