



**China Sports International Limited**  
Dingxing Industrial Zone  
Yangdai, Jinjiang City, Fujian Province  
The People's Republic of China 362218

## **PRESS RELEASE**

### **BUSINESS UPDATE**

SINGAPORE, 29 April, 2014 – SGX Mainboard-listed China Sports International Limited (中国体育国际有限公司) (“China Sports” and together with its subsidiaries, our “Group”), a branded sports fashion footwear and apparel company based in China would like to provide the following update to shareholders and the investment community pertaining to the Group’s recent business operations and developments.

### **Proposed Investment in Suzhou Economic and Technology Development Zone (宿州经济技术开发区), Anhui Province, PRC**

Our Group is still in negotiation with the Administrative Committee of the Shoes City of Suzhou Economic & Technological Development Zone (宿州经济技术开发区鞋城管理委员会) (“ACSETDZ”) in relation to a proposed land acquisition in the Suzhou Economic & Technological Development Zone, Anhui Province, the People’s Republic of China (“SETDZ”) to establish a new manufacturing base for the manufacture of shoes and apparel (the “Proposed Investment”).

The Proposed Investment will comprise (i) the acquisition of the land use right (“Land Use Right”) of a plot of land in SETDZ (the “Land”); (ii) the construction of the production plant (the “Plant”) and other commercial buildings (the “Commercial Buildings”); and (iii) the construction of the infrastructure and the acquisition and installation of the ancillary facilities (the “Facilities”).

The Land is located south of the Sixth Outer Ring Road (外环六路) and east of South Renmin Road (人民南路) within SETDZ with an estimated area of approximately 150 mu (equivalent to approximately 100,000 m<sup>2</sup>). We anticipate that the total investment value (投资总额) pursuant to the Proposed Investment is approximately RMB550 million. YELI China had paid RMB55,000,000, as a deposit to ACSETDZ.

The rationale for the Proposed Investment is as follows:

#### **1. Increasing production capacity**

In view of the growth of our Group, we need to increase production capacity is imminent now offered by our existing plant in Jinjiang City, Fujian Province, People’s Republic of China (“PRC”).

The new Plant will allow our Group to integrate more processes and production capabilities, which will enable our Group to accept more OEM orders as well as to manufacture more of our YELI footwear products and apparel products.

## 2. Cost optimisation

In recent years, our Group has faced increasing costs of rising labour costs and tightness of labour supply in coastal cities in the PRC. Our manufacturing activities are mainly labour intensive, which continues to be affected by the labour crunch and rising wages.

The Land is sited in Suzhou City, Anhui Province, PRC, which is adjacent to Jiangsu, Shandong and Henan Provinces. Those provinces are the most densely populated areas in the PRC. We envisage that our Group will be able to hire labour at a lower cost as compared to the coastal cities where we now operate. More importantly, some famous domestic shoes brands like Belle and Aokang have established their production facilities in Suzhou City. As a result, an industry cluster had developed in Suzhou City and we envisage that our Group would be able to find and hire experienced workers more easily there.

Furthermore, Suzhou City is well connected with major cities in PRC like Shanghai and Beijing by railway and highway. With good transportation links, our Group's logistic costs can be lowered.

As mentioned above, we are still in negotiation with ACSETDZ. After the conclusion of the negotiations, we would still have to participate in a public tender for the grant of the Land Use Right. We are therefore not able to provide details on the commencement, progress and completion dates of the construction of the Plant.

### Proposed Acquisition of Technology for Breathable Shoes

We have been granted a worldwide exclusive licence for the manufacture and sale of products using the *Highly Efficient Breathable Health Shoes* (高效呼吸透气保健鞋) (the "**Breathable Shoes**") (the "**Technology**") from Mr Lin Yongjian (林永建), the founder of our Group and the father of Mr Lin Shaoxiong (林少雄), our Executive Chair, Chief Executive Officer and controlling Shareholder of our Company, and Mr Lin Shaoqin (林少钦), our Executive Director (the "**Owner**") the Technology since 2010 (the "**License**"). The License will expire on 30 June 2014.

In anticipation of the expiration of the License, our Group has commenced negotiations with the Owner to acquire the Technology. We will release a detailed announcement upon the completion of such negotiations.

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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 under its own YELI (野力) brand. Additionally we have also been licensed by Paws, Inc to use the graphic images of various characters from the Garfield® comic strip in our footwear kids, including shoes, sandals and slippers throughout mainland China. Our Group's products are designed for both functional use and casual use, catering to the lifestyle of its targeted consumer group comprising both kids and young adults. The products are mainly sold through distributors who have a retail network throughout first, second, third and fourth tier cities in the PRC.

#### 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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