



## CHINA ERATAT SPORTS FASHION LIMITED

(Company Registration No: 200705552D)

### FOR IMMEDIATE RELEASE

#### CHINA ERATAT CONTINUES HEALTHY GROWTH

- Year-on-year revenue increased by 27.7%
- Strong growth in Eratat Brand footwear and apparel products
- Gross profit margin rose to 30.4%
- Net profit before tax increased by 11.7%
- Received new Order Book worth RMB400M

(RMB '000)	3 months ended 30 September			6 months ended 30 September		
	2009	2008	CHANGE	2009	2008	CHANGE
Revenue	228,806	212,852	7.5%	488,541	382,661	27.7%
Gross Profit	66,503	65,369	1.7%	148,584	115,428	28.7%
Net Profit Before Tax	29,411	37,301	-21.2%	78,255	70,061	11.7%
Taxation	(8,206)	(5,082)	61.5%	(21,646)	(9,441)	129.3%
Net Profit After Tax	21,205	32,219	-34.2%	56,609	60,620	-6.6%
EPS (RMB cents)*	5.11	7.77		13.64	14.61	
EPS (SGD cents)#	1.06	1.62		2.84	3.04	

\* Both Qtr based on issued shares of 414,912,514

# Exchange rate at S\$1.00 = RMB4.80

**SINGAPORE, 11 November, 2009** – SGX mainboard-listed China Eratat Sports Fashion Limited (中国鳄莱特运动时尚有限公司) (“**China Eratat**” and together with its subsidiaries, the “**Group**”), a leading sports fashion footwear and apparel company based in Jinjiang, Fujian Province, PRC, today announced a steady growth of 27.7% to RMB488.5 million in its revenue for six months ended 30 September 2009 (“**FY101H**”) as compared to the same period last year (“**FY091H**”), and its net profit before tax also increased by 11.7% to RMB78.3 million.

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Contribution from its Eratat Brand footwear segment increased by 33.9% to RMB289.6 million, while contribution from its fast growing Eratat Brand apparel segment jumped by 48.5% to RMB187.8 million in FY101H. However, the overall increase was offset by the reduction in sale of third party brand footwear of RMB28.1 million. This is in line with the Group's business strategy to focus on growing its Eratat Brand equity. The increase in Eratat Brand revenue was mainly contributed by higher sales in both product segments, stimulated by the success of its product development and sales and marketing strategies to further penetrate into existing and new markets. The revenue contribution by its footwear and apparel segments was 61.6% and 38.4% respectively in FY101H, as compared to 66.9% and 33.1% respectively in FY091H.

To stay connected with its target consumers, China Eratat aims to provide a total new shopping experience for their consumers, to experience the Eratat culture and spirit. China Eratat continues to focus on strengthening its existing retail outlets, in the areas of sales performance, shop-front image to attract consumers, as well as enlarging shop space size. Under its business strategies, those under-performed retail outlets will be upgraded or relocated, or even cease operating where necessary. As of FY101H, its distribution network for its Eratat brand products has grown steadily to 1645 retail locations, up from 1635 retail locations as at end of FY09.

Commented Mr Lin Jiancheng (林建程), Executive Chairman & CEO of China Eratat, "As the world's economic condition gradually improves, I believe that China market possess an enormous potential for us to grow. Since early this year, we have been very much focusing on heightening our Eratat Brand position and strengthening each of our retail outlets; therefore I believe that we are well positioned to further entrench our position in the market."

Gross profit surged 28.7% to RMB148.6 million in FY101H, while its overall gross profit margin rose to 30.4% in FY101H as compared to 30.2% in FY091H. The increase was contributed by increase in apparel segment sales which generates higher gross

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profit margin, as well as less footwear production being outsourced to third party manufacturers.

With its effective sales and marketing activities that resulted in higher sales volumes for the Group and higher product development expenditure to expand its apparel product range, its selling and distribution expenses, which represented approximately 11.2% of the total revenue, increased accordingly by 67.6% to RMB54.7 million in FY101H. Administrative expenses, which represent about 3.2% of the total revenue also increased by 20.4% to RMB15.6 million in FY101H due to an increase in staff and administrative related expenses in meeting the needs of their increased business activities. In line with its higher revenue and gross profits arising from its business activities, but offset by increases in selling and distribution expenses and administration expenses, the Group's profit before income tax grew by 11.7% to RMB78.3 million in FY101H.

The Group's subsidiary, Haimingwei, has been subjected to 25% tax rate since 1 January 2009 after the concessionary tax rate of 12% expired. Thus resulted its income tax expenses to increase by 129.3% to RMB21.6 million in FY101H, which was also in line with the increase in its profit before income tax. Due to this higher tax rate, its net profit after tax has decreased marginally by 6.6% to RMB56.6 million in FY101H.

Our last bi-annual trade fairs, which was held in August this year, have shown encouraging response from our PRC distributors with their strong orders. We received approximately RMB400 million worth of orders during the trade fair, which is expected to be delivered from January to June 2010.

Following the success of its first series reality shows called "Eratat Mountain Climbing Show" (鳄莱特登山运动会), which was being telecast nationwide last year, China Eratat planned to continue its collaboration with Anhui TV (安徽卫视) by sponsoring the second series reality show called "Eratat Life Sports Show" (鳄莱特生活运动会). This

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programme aims to engage China Eratat’s target audience to actively participate in witty sports games in the shows. The reality shows have been telecast nationwide in the PRC from April to November 2009. Advertisements of Eratat brand will also be shown multiple times on the station daily, which the Group believes that it will significantly increase its brand awareness across China.

### **About China Eratat Sports Fashion Limited**

China Eratat is principally engaged in the design, manufacture and distribution of sports footwear, and the design and distribution of sports apparel under its well-established proprietary brand “ERATAT” (“鳄莱特”). The Group’s products are designed for a wide range of activities catering to the sports and casual lifestyles. With its strong focus on brand management, product development and quality, the Group has received numerous awards which include “China Best Public Image Brand” in 2006. Eratat products are sold across 21 provinces/cities in 1645 locations as at the end of FY101H.

*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.*

China Eratat is listed on SGX-ST on 17 April, 2008. Kim Eng Capital Pte. Ltd. is the Manager, Underwriter and Placement Agent for the IPO.

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