



**CHINA ERATAT SPORTS FASHION LIMITED**  
(Company Registration No: 200705552D)

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**PROPOSED BONUS WARRANTS ISSUE**

**DISCLOSURE PURSUANT TO THE APPROVAL-IN-PRINCIPLE GRANTED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON 20 NOVEMBER 2009 FOR THE LISTING AND QUOTATION OF THE WARRANTS AND THE NEW SHARES ON THE OFFICIAL LIST OF THE SGX-ST (“AIP”)**

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*Where capitalised or defined terms are used in this announcement and not otherwise defined, such terms shall bear the same meanings as ascribed to them in the Company’s announcements dated 11 November 2009, 23 November 2009 and 15 December 2009.*

The Board of Directors refers to the announcements of 11 November 2009, 23 November 2009 and 15 December 2009. Pursuant to the AIP announced on 23 November 2009, the Company wishes to announce the following:

(1) Rationale for Issuing European Style Warrants

The Company believes that the European Style Warrants would provide greater certainty on the point of exercise of the Warrants and conversion to New Shares and the consequent receipt of the subscription payments by the exercising warrant holders and dilution of interests to existing Shareholders who do not exercise their Warrants. In contrast, for the more usual American Style Warrants, the exercise of warrants is at the option of warrant holders anytime during the exercise period from issuance of the warrants and the Company may receive the subscription payments intermittently during the exercise period. This also means that shareholders are less certain as to when their interests will be diluted by those who exercise their warrants.

(2) Warrants being Exercisable only on a Future Single Date

In accordance with the Deed Poll executed by the Company on 15 December 2009, as announced on 15 December 2009, each Warrant will entitle the Warrantholder to subscribe for one New Share at a price per New Share equal to the Exercise Price on the Exercise Date, being the date falling on the third (3<sup>rd</sup>) anniversary of the date of issue of the Warrants up to 5.00 pm thereof, unless such date is a date on which the Register of Members of the Company is closed or is not a market day, in which event the Warrants shall expire on the date prior to the closure of the Register of Members of the Company or on the immediately preceding market day, as the case may be.

Any lodgement received by the Warrant Agent in compliance with the Terms and Conditions of the Warrants set out in the Deed Poll up to 10 Market Days before the Exercise Date shall be deemed valid exercise, effective on the Exercise Date.

After 5.00 pm on the Exercise Date, any Warrants which have not been exercised in accordance with Condition 4 of the Deed Poll shall lapse and cease to be valid for any purpose. All exercise notices, warrant certificates, documents and/or payment received by the warrant agent after 5.00 pm on the exercise date shall not be considered as valid exercise and such warrants shall lapse and cease to be valid for any purpose.

For more details regarding the exercise of the Warrants, Shareholders may refer to the Deed Poll, a copy of which is available for inspection at the registered office of the Company’s share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 3 Church Street, #08-01 Samsung Hub, Singapore 049483, during normal business hours.

(3) Notices to be Given and Issued to Warrantshareholders of the Impending Exercise Date

The Company will, on the calendar dates falling three (3) months, two (2) months and one (1) month before the Exercise Date, give notice to the Warrantholders of the Exercise Date in accordance with Condition 12 of the Deed Poll, and announce the same on SGXNET.

Additionally, the Company will, not later than two (2) months before the Exercise Date, take reasonable steps to notify the Warrantholders in writing of the Exercise Date and such notice will be delivered by post to the address of the Warrantholder as recorded in the warrant register, or in the case of Warrantholders whose Warrants are registered in the name of CDP, their addresses as shown in the records of CDP. Proof of posting or despatch of any notice shall be deemed to be proof of receipt on the next business day after posting.

The AIP is not to be taken as an indication by the SGX-ST of the merits of the Bonus Warrants Issue, the New Shares, the Company and/or its subsidiaries.

**By order of the Board**

Lin Jiancheng (林建程)  
Executive Chairman and CEO  
6 January 2010

*The initial public offering of the Company's shares was sponsored by Kim Eng Capital Pte. Ltd. who assumes no responsibility of the content of this announcement.*