



CHINA ERATAT SPORTS FASHION LIMITED

(Company Registration No: 200705552D)

FOR IMMEDIATE RELEASE

CHINA ERATAT DELIVERS BOUYANT PERFORMANCE

- ERATAT BRAND FOOTWEAR AND APPAREL SALES ROSE 16% AND 35% RESPECTIVELY
- CASUAL LIFESTYLE WEAR ACCOUNTED FOR 71% OF REVENUE IN FY2010 FROM 46% LAST YEAR
- ASP FOR ERATAT BRAND FOOTWEAR AND APPAREL INCREASED BY MORE THAN 18% AND 50% RESPECTIVELY
- ORDER BOOK OF RMB500 MILLION FOR 2010 AUTUMN/ WINTER SEASON
- DECLARED DIVIDEND OF RMB0.0466 PER SHARE

(RMB mil)	3 months ended 31 March			12 months ended 31 March		
	2010	2009	CHANGE	2010	2009	CHANGE
Revenue	180,774	167,074	8.2%	898,720	777,322	15.6%
Gross Profit	45,769	48,636	-5.9%	258,549	233,988	10.5%
Operating Profit	25,133	23,997	4.7%	131,719	132,704	-0.7%
Net Profit After Tax	19,621	25,066	-21.7%	96,642	125,924	-23.3%
EPS (RMB cents)*	4.72	0.60		23.29	30.35	
EPS (SGD cents)#	0.97	1.23		4.75	6.19	

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

Exchange rate at S\$1.00 = RMB4.90

26 May, 2010 - 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 lifestyle fashion footwear and apparel company based in Jinjiang, Fujian Province, PRC, today announced bouyant performance for its full financial year ended on 31 March 2010 (“**FY2010**”). Amidst the economic uncertainties and keen retail price competition, the Group successfully repositioned itself as a casual lifestyle company with revenue leaping 15.6% to RMB898.7 million and maintaining strong operating profit before income tax of RMB131.7 million.

Revenue from Eratat brand footwear jumped 14.9% to RMB531.0 million in FY2010, but was offset by reduction of sale of Third Party Brand footwear. The footwear segment contributed 61.3% to total revenue in FY2010 compared to 66.8% during the last financial year. The Group had increased its apparel sales contribution ratio to 38.7% of total revenue in the current financial year (from 33.2% last financial year), with revenue from its apparel segment growing by 34.6% to RMB347.9 million.

The increase in Eratat Brand revenue was mainly due to successful branding and marketing activities and improved product designs and quality. The ex-factory average selling price (“**ASP**”) of Eratat Brand footwear rose by more than 18% from RMB65 per pair to RMB72 per pair while apparel rose by more than 46% from RMB49 per piece to RMB72 per piece in FY2010.

After making strategic changes since 2008 to reposition ourselves as a mass appeal and casual lifestyle company, we are pleased to report that our casual lifestyle wear segment had increased to account for 71% of our total Eratat Brand revenue in FY2010 from 46% in previous financial year.

China Eratat continues to strengthen the quality of the existing retail locations measured by better sales performance per location, upgrading outlet-frontage, enlarging outlet-floor area and relocate to new locations if necessary. Under-performing retail locations will be closed as soon as possible. Our strategy of focusing on improving quality of retail outlets measured by ex-factory sales per sqm may result in the number of retail outlets growing at a slower rate in the short term, but the Eratat Brand would be enhanced in the long run.

	FY08	FY09	FY10	Change	
Ex-factory sales per sqm (RMB)	550	710	870	160	22.5%

The Group maintained its operating profit before income tax at RMB131.7 million in FY2010, a marginal decrease of 0.7% from last financial year.

Last year, the Group recorded a foreign exchange translation gain of RMB14.1 million resulting from appreciation of Renminbi against Singapore dollars, but there was no such gain this financial year. In addition, the Group’s subsidiary company, Haimingwei, no longer enjoys concessionary tax rate of 12% since 1 January 2009, thus resulting in higher tax expense during the current financial year. Hence resulting the Group’s net profit after tax was reduced by 23.3% to RMB96.7 million in FY2010.

The Group received RMB500 million worth of orders from Distributors at the Autumn/Winter season trade fair that was held in April 2010. Delivery will be from July to December 2010. This represents an increase of about 12% over last year's Autumn/Winter season actual sales of RMB447 million.

The Group also declared a first and final dividend for FY2010 of RMB0.0466 per share. The total dividend payable is equivalent to 20% of its net profit after income tax.

Continuing from the success of its TV reality programme with Anhui TV Station in 2008 and 2009, China Eratat collaborated with China Central TV Station – CCTV-5 (中央电视台体育节目中心) in March 2010 to launch a new TV reality programme, called “Judose Challenge Competition” (挑战脚斗王). This is a collaboration with China National Sports Directive Centre (国家体育总局社会体育指导中心), China National Judose Promotional Committee (全国脚斗士大赛推广委员会), and CCTV Sports Station (中央电视台体育节目中心) (collectively, “Judose Organising Parties”), to promote one of China's ancient “mass-appeal sports” (民族运动), called “Judose”, across China. The Judose Organising Parties have been promoting Judose and organizing nationwide competitions since 2009, and we are delighted and honoured to be the sole sponsor of the 2010 campaign. These programmes are being telecast at prime time weekly on CCTV-5 nationwide. Advertisements of Eratat brand will also be shown at various times on CCTV-5 daily to further increase its brand awareness.

About China Eratat Sports Fashion Limited

China Eratat is principally engaged in the design, manufacture and distribution of lifestyle fashion footwear, and the design and distribution of lifestyle fashion apparel under its well-established proprietary brand “ERATAT” (“鳄莱特”). With its strong focus on brand management, product development and quality, the Group’s products are specially designed for a wide range of activities catering to casual lifestyle and outdoor activities.

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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