



ERATAT LIFESTYLE LIMITED
(Formerly known as “China Eratat Sports Fashion Limited”)
(Company Registration No: 200705552D)

UNAUDITED RESULTS FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2010

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

1(a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	First Quarter Ended on			Half Year Ended on		
	30/06/2010	30/06/2009	Change	30/06/2010	30/06/2009	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	237,217	259,735	-8.7%	417,991	426,809	-2.1%
Cost of sales	(172,259)	(177,654)	-3.0%	(307,264)	(296,092)	3.8%
Gross profit	64,958	82,081	-20.9%	110,727	130,717	-15.3%
Selling and distribution expenses	(21,024)	(26,102)	-19.5%	(38,178)	(45,997)	-17.0%
Administrative expenses	(7,083)	(7,270)	-2.6%	(10,500)	(11,546)	-9.1%
Other operating expenses	(1)	(48)	-97.9%	(238)	(383)	-37.9%
Finance income	164	146	12.3%	336	252	33.3%
Operating profit before income tax	37,014	48,807	-24.2%	62,147	73,043	-14.9%
Other income	-	37	-100.0%	615	7,051	-91.3%
Profit before income tax	37,014	48,844	-24.2%	62,762	80,094	-21.6%
Income tax	(9,914)	(13,440)	-26.2%	(16,041)	(19,624)	-18.3%
Profit after income tax and comprehensive income for the period attributable to owners of the Company	27,100	35,404	-23.5%	46,721	60,470	-22.7%

“n.m.” denotes “not meaningful”

Note:

The Company has changed its financial year end from 31 March to 31 December, so as to align with the financial year ends of its subsidiaries. Consequently, the current financial year will cover a nine-month period from 1 April 2010 to 31 December 2010. Thereafter, the financial years will commence from 1 January and end on 31 December each year.

For illustration purposes only, we have also presented a profit and loss account for the half year period from 1 January 2010 to 30 June 2010.

1(a)(ii) Additional information to the income statement

1. Profit before income tax is arrived at after charging/(crediting):

	First Quarter Ended on			Half Year Ended on		
	30/06/2010	30/06/2009	Change	30/06/2010	30/06/2009	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest income	(164)	(146)	12.3%	(336)	(252)	33.3%
Depreciation of property, plant and equipment	1,270	1,127	12.7%	2,437	2,263	7.7%
Amortisation of land use rights	135	127	6.3%	262	254	3.1%
Amortisation of prepaid land lease	48	48	0.0%	96	96	0.0%
Foreign exchange (gain)/loss, net	(1)	48	-102.1%	(615)	(7,014)	-91.2%
Loss on disposal of property, plant and equipment	-	-	n.m.	221	267	-17.2%
Plant and equipment written off	-	-	n.m.	7	116	-94.0%

"n.m." denotes "not meaningful"

Notes:

- The increase in depreciation of property, plant and equipment was mainly attributable to higher assets, of which most were acquired in the second half of 2009.
- The foreign exchange gain last year mainly arose from the revision of translation rate due to appreciation of Renminbi against Singapore dollars. But this year there was no such unrealised translation gain or loss.

1(b)(i) *A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year*

Statements of Financial Position:

	GROUP		COMPANY	
	30/06/2010	31/03/2010	30/06/2010	31/03/2010
	RMB'000	RMB'000	RMB'000	RMB'000
Non-Current Assets				
Property, plant and equipment	69,905	71,172	15	16
Land use rights	22,324	22,459	-	-
Prepaid land lease	400	448	-	-
Investment in subsidiaries	-	-	49,050	49,050
Goodwill	1,759	1,759	-	-
	<u>94,388</u>	<u>95,838</u>	<u>49,065</u>	<u>49,066</u>
Current Assets				
Inventories	34,533	19,995	-	-
Trade receivables	305,149	269,087	-	-
Other receivables	113,698	45,978	127	141
Prepaid land lease	192	192	-	-
Amounts due from subsidiaries	-	-	187,465	187,872
Cash and bank balances	118,085	176,001	663	983
	<u>571,657</u>	<u>511,253</u>	<u>188,255</u>	<u>188,996</u>
Total Assets	<u>666,045</u>	<u>607,091</u>	<u>237,320</u>	<u>238,062</u>
Equity				
Share capital	239,159	239,159	239,159	239,159
Reserves	321,936	294,836	(13,348)	(12,272)
	<u>561,095</u>	<u>533,995</u>	<u>225,811</u>	<u>226,887</u>
Current Liabilities				
Trade and bills payables	67,942	43,566	-	-
Other payables	27,454	23,368	1,724	1,391
Amounts due to subsidiaries	-	-	9,785	9,784
Provision for income tax	9,554	6,162	-	-
	<u>104,950</u>	<u>73,096</u>	<u>11,509</u>	<u>11,175</u>
Total Liabilities	<u>104,950</u>	<u>73,096</u>	<u>11,509</u>	<u>11,175</u>
Total Equity and Liabilities	<u>666,045</u>	<u>607,091</u>	<u>237,320</u>	<u>238,062</u>

Analysis of balance sheets

A. The Group

1. The increase in inventories was mainly due to increase in raw materials and finished goods, in accordance with production and delivery schedule for the period.
2. The increase in trade receivables was mainly due to lengthening of credit terms to key distributors, in our efforts to support them to open more direct-owned specialty shops and strengthening their distribution network. We believe with more such direct-owned specialty shops will enhance the Group's quality of distribution network thereby generating healthy and sustainable revenue stream.

The trade receivable turnover days for the current reported financial period was 106 days, up from 64 days in the same period last year.

The trade receivables ageing of the Group is as follows:

(RMB 'mil)	<u>1-60 days</u>	<u>61-90 days</u>	<u>91-180 days</u>	<u>Total</u>
Balance as at 30.06.2010	188.0	90.7	26.4	305.1
Percentage	61.6%	29.7%	8.7%	100.0%

3. The increase in other receivables was mainly due to increase in trade deposits (by RMB52.4 million) being placed with suppliers to secure supply of raw materials and apparel, following the orders we received for our "2010 Autumn/Winter Season", which is to be delivered from July to December 2010.
4. The increase in trade payables was mainly due to purchase of raw materials for our planned production of footwear.

B. The Company

1. The amounts due from subsidiaries are mainly advances to subsidiaries for working capital purposes. The amounts due are unsecured, interest free and are repayable on demand.

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

None.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

For illustrative purposes only, we have presented a cash flow statement for the half year period from 1 January to 31 June 2010.

	First Quarter Ended on		Half Year Ended on	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities :				
Profit before income tax	37,014	48,844	62,762	80,094
Adjustments for :				
Interest income	(164)	(146)	(336)	(252)
Depreciation of property, plant and equipment	1,270	1,127	2,437	2,263
Amortisation of land use rights	135	127	262	254
Amortisation of prepaid land lease	48	48	96	96
Loss on disposal of property, plant and equipment	-	-	221	267
Plant and equipment written off	-	-	7	116
Exchange difference arising from consolidation	-	-	(266)	(7,484)
Operating cash flows before movements in working capital	38,303	50,000	65,183	75,354
Inventories	(14,537)	(1,523)	(24,654)	31,915
Trade and other receivables	(103,781)	(72,101)	(120,440)	(80,191)
Trade and other payables	28,461	12,744	32,285	(9,401)
Due to a director	-	(175)	-	(175)
Cash (used in)/generated from operations	(51,554)	(11,055)	(47,626)	17,502
Income tax paid	(6,522)	(6,827)	(14,258)	(12,087)
Net cash (used in)/generated from operating activities	(58,076)	(17,882)	(61,884)	5,415
Cash flows from investing activities :				
Interest received	164	146	336	252
Purchase of property, plant and equipment	(4)	(31)	(764)	(1,888)
Construction-in-progress	-	(1,026)	-	(1,032)
Proceeds from disposal of property, plant and equipment	-	35	68	35
Net cash generated from/(used in) investing activities	160	(876)	(360)	(2,633)
Cash flows from financing activity :				
Pledged deposits	-	-	-	72
Net cash generated from financing activity	-	-	-	72
Net (decrease)/increase in cash and cash equivalents	(57,916)	(18,758)	(62,244)	2,854
Cash and cash equivalents at beginning of financial period	176,001	154,251	180,329	132,639
Cash and cash equivalents at end of financial period	118,085	135,493	118,085	135,493
Cash and cash equivalents comprise :				
Cash and bank balances	118,085	135,493	118,085	135,493

1(d)(i) *A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.*

GROUP	Share capital	Statutory reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2009	239,159	10,957	2,545	(16,043)	207,060	443,678
Profit for the period	-	-	-	-	35,404	35,404
Total comprehensive income	-	-	-	-	35,404	35,404
Balance at 30 June 2009	239,159	10,957	2,545	(16,043)	242,464	479,082
Balance at 1 April 2010	239,159	10,957	2,545	(16,043)	297,377	533,995
Profit for the period	-	-	-	-	27,100	27,100
Total comprehensive income	-	-	-	-	27,100	27,100
Balance at 30 June 2010	239,159	10,957	2,545	(16,043)	324,477	561,095

COMPANY	Share capital	Statutory reserve	Merger reserve	Foreign currency translation reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 April 2009	239,159	-	-	(16,213)	8,139	231,085
Loss for the period	-	-	-	-	(1,075)	(1,075)
Total comprehensive loss	-	-	-	-	(1,075)	(1,075)
Balance at 30 June 2009	239,159	-	-	(16,213)	7,064	230,010
Balance at 1 April 2010	239,159	-	-	(16,213)	3,941	226,887
Loss for the period	-	-	-	-	(1,076)	(1,076)
Total comprehensive loss	-	-	-	-	(1,076)	(1,076)
Balance at 30 June 2010	239,159	-	-	(16,213)	2,865	225,811

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	Number of Ordinary Shares	Resultant Issued Share Capital	
		S\$'000	RMB'000
Share capital as at 1 April 2010 and 30 June 2010	414,912,514	47,647	239,159

The Company had on 19 January 2010 issued 123,580,653 Warrants to its Shareholders. The Warrantholders may exercise the Warrants on 18 January 2013 to subscribe for the Company's Shares at S\$0.30 each.

The Company does not have any treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the preceding year

	Group		Company	
	30/06/2010	31/03/2010	30/06/2010	31/03/2010
Number of issued shares	414,912,514	414,912,514	414,912,514	414,912,514

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed by the auditors.

3 *Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)*

Not applicable.

4 *Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied*

The Group has applied the same accounting policies and methods of computation for the current reporting period ended 30 June 2010 as those used for the audited financial statement as at 31 March 2010.

5 *If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change*

None.

6 *Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-*

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings)

	Financial Period Ended on	
	30/06/2010	30/06/2009
Profit attributable to shareholders of the Company (RMB'000)	27,100	35,404
<u>Number of shares</u>		
Weighted average number of ordinary shares in issue for basic EPS	414,912,514	414,912,514
Earnings per share (RMB fen)		
- Basic	6.53	8.53

Diluted earnings per share is not presented as there was no potential dilutive ordinary share existing during the relevant financial period presented.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year

	Group		Company	
	30/06/2010	31/03/2010	30/06/2010	31/03/2010
Net assets (RMB'000)	561,095	533,995	225,811	226,887
Number of shares	414,912,514	414,912,514	414,912,514	414,912,514
Net assets value per share (RMB fen)	135.23	128.70	54.42	54.68

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Revenue

Our revenue is driven by orders received for Spring/Summer season and Autumn/Winter season to be delivered in January to June period and July to December period respectively. As such, it will be more meaningful to analyse our revenue by season.

	Q1 2010		Q1 2009		Change	
	RMB mil	%	RMB mil	%	RMB mil	%
Footwear						
- Eratat Brand	111.9	47.1%	152.2	58.6%	(40.3)	-26.5%
- Third Party Brand	28.4	12.0%	7.3	2.8%	21.1	289.0%
	<u>140.3</u>	<u>59.1%</u>	<u>159.5</u>	<u>61.4%</u>	<u>(19.2)</u>	<u>-12.0%</u>
Eratat Brand Apparel	96.9	40.9%	100.2	38.6%	(3.3)	-3.3%
	<u>237.2</u>		<u>259.7</u>		<u>(22.5)</u>	<u>-8.7%</u>
	(Proforma)					
	Spring/Summer Season (Jan - Jun)					
	2010		2009		Change	
	RMB mil	%	RMB mil	%	RMB mil	%
Footwear						
- Eratat Brand	219.6	52.5%	256.5	60.1%	(36.9)	-14.4%
- Third Party Brand	29.9	7.2%	11.4	2.7%	18.5	162.3%
	<u>249.5</u>	<u>59.7%</u>	<u>267.9</u>	<u>62.8%</u>	<u>(18.4)</u>	<u>-6.9%</u>
Eratat Brand Apparel	168.5	40.3%	158.9	37.2%	9.6	6.0%
	<u>418.0</u>		<u>426.8</u>		<u>(8.8)</u>	<u>-2.1%</u>

As announced in item 10 of the “*First Half Results For The Financial Period Ended on 30 September 2009*” dated 11 November 2009, the orders received for Spring/Summer 2010 Season was RMB400 million, of which we had delivered RMB388 million. The shortfall was mainly due to reduction at our own accord in delivery of Eratat Brand footwear to certain under-performing distributors (whom we are in the process of discontinuing during the current financial period under review), which amounted to RMB12 million (or 3% of total order book). We had managed to replace the shortfall by securing additional sales of Third Party Brand footwear, which increased by RMB18.5 million (or 162.3%). On the other hand, the revenue from our Eratat Brand apparel increased by RMB9.6 million (or 6.0%). As a result, The revenue for the 2010 Spring/Summer Season (“**1H 2010**”) decreased marginally by RMB8.8 million (or 2.1%).

The revenue contribution by footwear and apparel was 59.7% and 40.3% respectively (1H 2009: 62.8% and 37.2% respectively). The Group continues to increase the apparel sales contribution ratio so as to provide wider apparel product range, which is part of the Group’s business strategy to focus on growing its Eratat Brand equity.

Eratat Brand Revenue, ASP and gross margin

The gross profit decreased by RMB17.1 million (or 20.9%) to RMB65.0 million in Q1 2010, while the overall gross margin for Q1 2010 was 27.4%, as compared to 31.6% recorded during the same corresponding period last year. However, it had improved from 25.3% in the prior financial quarter (i.e. January – March 2010). This was mainly contributed by Eratat Brand footwear and apparel of 23.9% and 32.9% respectively in Q1 2010 (Q1 2009: 27.0% and 38.9%).

Eratat Brand footwear (“ERATAT FW”)

	<----- 2008 ----->		<----- 2009 ----->				<----- 2010 ----->	
	< Autumn/winter season >		< Spring/summer season >		< Autumn/winter season >		< Spring/summer season >	
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
ERATAT FW (RMB Mil)	126.1	141.8	104.3	152.2	137.3	133.8	107.7	111.9
ERATAT FW (Mil Pairs)	1.95	2.24	1.57	2.36	1.75	1.74	1.52	1.53
ASP (RMB)	64.8	63.2	66.4	64.6	78.6	76.9	70.9	73.1
ERATAT FW GM (%)	26.1%	25.0%	25.9%	26.1%	23.7%	23.2%	25.4%	26.1%

FY2009
 FY2010
 Current Financial Year 2010

- (i) Following the launch of markedly improved footwear product range with better designs and quality since the 2009 Autumn/Winter Season from July 2009, we had similarly raised the ex-factory average selling price (“ASP”) for 2010 Spring/Summer Season by more than 10% to about RMB72 per pair from about RMB66 per pair in the same season last year.
- (ii) The cost of production had also risen substantially due to higher cost of materials resulting from better material quality being used. But we had managed to improve the gross margin for the current season, as compared to 2009 Autumn/Winter Season.

Eratat Brand apparel ("ERATAT APP")

	<----- 2008 ----->		<----- 2009 ----->				<----- 2010 ----->	
	< Autumn/winter season >		< Spring/summer season >		< Autumn/winter season >		< Spring/summer season >	
	Jul-Sep 08	Oct-Dec 08	Jan-Mar 09	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
ERATAT APP (RMB Mil)	65.6	73.1	58.7	100.2	87.6	88.6	71.6	96.9
ERATAT APP (Mil Pcs)	1.61	1.06	0.98	1.69	1.04	1.07	1.05	1.85
ASP (RMB)	40.6	69.1	60.1	59.2	84.2	82.9	68.1	52.5
ERATAT APP GM (%)	38.8%	38.9%	38.4%	38.9%	35.0%	35.4%	32.8%	32.9%

FY2009
 FY2010
 Current Financial Year 2010

- (i) Similarly, we have launched better designs and quality apparel product range since the 2009 Autumn/Winter Season from July 2009. We raised the ASP in 2009 Autumn/Winter Season by more than 50% to about RMB83 per piece from about RMB52 per piece in the same season last year. However, while there was also increase in ASP of the 2010 Spring/Summer Season, the overall ASP was maintained at about RMB58 (2009 Spring/Summer Season: RMB59) per piece mainly because of overall product mix.
- (ii) The cost of products (which are currently 100% outsourced) had risen substantially due to better quality of materials used. However, the ASP did not increase in direct proportion with the increase in cost of production, thus resulting in a decrease in gross margin for apparel.

However, following the successful repositioning of the Group as a mass appeal and casual lifestyle company since second half of 2009, we believe that there is growth potential in ASP which will further improve the Group's overall gross margin.

Net profit before income tax

Q1 2010:

- Revenue decreased by RMB22.5 million (or 8.7%) to RMB237.2 million, while gross profit decreased by RMB17.1 million (or 20.9%) to RMB65.0 million due to reasons as aforementioned.
- The selling and distribution expenses, which represented about 8.9% (Q1 2009: 10.0%) of the overall revenue, reduced by RMB5.1 million (or 19.5%) to RMB21.0 million. The reduction was mainly because the product development expenditure incurred last year was higher due to our effort to launch better designs and quality product range.
- The administrative expenses, which represented about 3.0% (Q1 2009: 2.8%) of the overall revenue, maintained at RMB7.1 million in Q1 2010.
- There was no other income received during Q1 2010.
- As a result, the net profit before income tax for Q1 2010 decreased by RMB11.8 million (or 24.2%) to RMB37.0 million.

1H 2010:

- Revenue decreased by RMB8.8 million (or 2.1%) to RMB418.0 million, while gross profit decreased by RMB20.0 million (or 15.3%) to RMB110.7 million due to reasons as aforementioned.
- The selling and distribution expenses, which represented about 9.1% (1H 2009: 10.8%) of the overall revenue, reduced by RMB7.8 million (or 17.0%) to RMB38.2 million. The reduction was mainly because the product development expenditure incurred last year was higher due to our effort to launch better designs and quality product range, as well as lower staff incentive provision made during the period.
- The administrative expenses, which represented about 2.5% (1H 2009: 2.7%) of the overall revenue, marginally reduced by RMB1.0 million (or 9.1%) to RMB10.5 million in 1H 2010.
- As a result, the operating profit before income tax for 1H 2010 decreased by RMB10.9 million (or 14.9%) to RMB62.1 million.
- The “Other income” of RMB7.0 million in 1H 2009 arose from currency translation differences due to appreciation of Renminbi against Singapore dollars, of which there was no such item in 2010. The “Other income” this year was mainly related to realised foreign exchange gains.
- Consequently, net profit before income tax decreased by RMB17.3 million (or 21.6%) to RMB62.8 million in 1H 2010.

Taxation

The income tax expense decreased in Q1 2010 and 1H 2010 were due to lower net profit before tax.

Distribution Network

The Group continues to enhance its distribution network so as to achieve future sustainable revenue stream. We have been driving our key distributors to open more direct-owned specialty shops, as well as strengthening existing retail locations measured by better sales performance, upgrading outlet-frontage, enlarging outlet-floor area and relocate to new locations if necessary. In doing so, there will be addition of new distributors as well as attrition of under-performing distributors who will be discontinued during the process. Our strategy of focusing on improving the quality of the retail outlets may result in the number of retail outlets growing at a slower rate in the short term. However, we believe the Group will benefit from enhanced Eratat Brand in the long run.

As at the end of the three months ended on 30 June 2010 (“**Q1 2010**”), there are 1400 retail locations of which 500 are specialty shops and the remaining are shop-in-shop or specialty counters (As at 31 March 2010: 460 specialty shops; total retail locations of 1680). Moving forward, we anticipate that the number of larger size specialty shops to grow gradually, while more smaller sized shop-in-shops and specialty counters, which have limited or no retail space to display and sell our apparel range of products, will be discontinued.

However, the reduction in such smaller size locations will not have material impact to our revenue growth as evidenced by the increased order book of 2010 Autumn/Winter Season amounting to RMB500 million, but instead will further enhance Eratat Brand image in the market.

Cash flows

The Group had generated negative cash flow from operating activities during the current financial period mainly because of:

- higher trade deposits being paid to suppliers to secure supply of raw materials and apparel for the upcoming Autumn/Winter Season sales (to be delivered from July to December 2010). Such deposits are usually being paid to suppliers after confirmation of orders at trade fairs, and about a couple of months prior to the delivery of products for the season; and
- longer trade receivables turnover days due to extended credit term given to key distributors.

9 *Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results*

No forecast had been issued for the financial period under review.

10 *A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months*

Since March 2010, we have launched the new TV reality programme with CCTV-5, called "Eratat Judose Challenge Competition" (鳄莱特挑战脚斗王), in which Eratat Brand has been named the sole sponsor of the 2010 competition. The competition programmes are being telecast at prime time weekly on CCTV-5 nationwide, and advertisements of our Eratat Brand are also shown multiple times on the station daily to increase awareness of our brand and the competition. We believe that such wide coverage by CCTV-5 will accelerate the awareness of Eratat Brand across China.

Barring any unforeseen circumstances, and with the order book of RMB500 million on hand, the Board of Directors is optimistic about the Group's financial performance in year 2010.

11 *Dividend*

(a) Any dividend declared for the current period reported on?

None.

(b) Any dividend declared for the previous corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Book closure date and time

Not applicable.

12 *If no dividend has been declared (recommended), a statement to that effect*

Not applicable.

13 *Interested Person Transactions for the financial period ended 30 June 2010*

There are no interested person transactions for the financial period ended 30 June 2010 pursuant to Chapter 9 of the Listing Manual.

BY ORDER OF THE BOARD

Lin Jiancheng (林建程)
Executive Chairman & CEO

27 July 2010

Confirmation pursuant to the Rule 705(4) of the Listing Manual

Pursuant to SGX Listing Rule 705(4) of the Listing Manual, we, Lin Jiancheng and Ye Sanzhi, on behalf of the Board of Directors of the Company, do hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited results of the Company and of the Group for the financial period ended 30 June 2010 to be false or misleading.

ON BEHALF OF THE BOARD

Lin Jiancheng (林建程)
Executive Chairman & CEO

Ye Sanzhi (叶三支)
Director