



ERATAT LIFESTYLE LIMITED
(Company Registration No: 200705552D)

**PROPOSED PLACEMENT OF UP TO 45,000,000 NEW ORDINARY SHARES IN THE
CAPITAL OF ERATAT LIFESTYLE LIMITED (THE "PLACEMENT")**

Introduction

The Directors of Eratat Lifestyle Limited (the "**Company**") wish to announce that the Company has on 6 April 2011 entered into a placement agreement (the "**Placement Agreement**") with Stirling Coleman Capital Limited as placement agent (the "**Placement Agent**"). Pursuant to the Placement Agreement, the Company has agreed to issue 45,000,000 new ordinary shares (the "**Placement Shares**") in the capital of the Company at a placement price (the "**Placement Price**") of S\$0.202 for each Placement Share and the Placement Agent has agreed to procure the subscription and payment for the Placement Shares at the Placement Price for each Placement Share on a best endeavours basis. As at the date of this announcement, the Placement Shares have been fully subscribed.

The Placement

As at the date of this announcement, the issued and paid up share capital of the Company is RMB239,159,000 divided into 414,912,514 Shares (the "**Existing Share Capital**"). Upon completion of the Placement, the issued share capital of the Company will increase to approximately RMB284,718,000 divided into 459,912,514 Shares. The Placement Shares will represent approximately 9.78% of the enlarged issued share capital of the Company immediately after the completion of the Placement.

The Placement Shares, if and when fully allotted, issued and fully paid, will rank *pari passu* in all respects with the existing ordinary shares in the capital of the Company (the "**Shares**") save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls prior to the date of issue of the Placement Shares.

The Placement Price represents a discount of 9.74% to the volume weighted average price of S\$0.2238 of the Company's Shares traded on the SGX-ST on 5 April 2011 (being the last full market day prior to the signing of the Placement Agreement).

The Placement Shares will be placed to the Placees pursuant to Section 272B of the Securities and Futures Act, (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be lodged by the Company with the Monetary Authority of Singapore in connection with the Placement.

A placement commission of 3.0% of the Placement Price for each Placement Share subscribed, is payable by the Company to the Placement Agent pursuant to the Placement Agreement.

Use of Proceeds

The net proceeds from the Placement, after deducting estimated expenses pertaining to the Placement, amounts to approximately S\$8.78 million.

The Company intends to use the net proceeds from the Placement for general working capital purposes to increase the Group's revenue and expand the distribution network for its ERATAT brand products. The Company will continue to explore further fund raising opportunities to increase its capital base, which will enable the Company to further expand its distribution network for its ERATAT brand products that are expected to enhance shareholders' value.

Authority to Issue Placement Shares

The Placement Shares will be allotted and issued pursuant to the share issue mandate obtained from Shareholders of the Company at its annual general meeting held on 27 July 2010.

Conditions of the Placement

The Placement is conditional upon, *inter alia*, the approval-in-principle of the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-ST being obtained by the Company and not having been revoked or amended.

The Company will be making an application to the SGX-ST for the listing of and quotation for the Placement Shares on the Official List of the SGX-ST.

Under the terms of the Placement Agreement, the Placement Agent has represented and warranted to the Company that it will not offer the Placement Shares for sale to or procure the subscriptions from any director or substantial shareholder of the Company nor an immediate family member of any director or substantial shareholder of the Company or any of the persons specified in Rule 812(1) of the Listing Manual of SGX-ST.

Financial Effects of the Placement

Based on the audited consolidated financial statements of the Group as at 31 March 2010, the net asset value per Share of the Group, after adjusting for the issue of the Placement Shares, will decrease from RMB1.29 to RMB1.26. The earnings per Share of the Group, after adjusting for the issue of the Placement Shares, will decrease from RMB0.23 to RMB0.21. The adjusted earnings per Share of the Group was computed assuming that the Placement was completed at the beginning of the current financial year and does not take into account the effects of the use of proceeds from the Placement on the earnings of the Group.

Interests of Directors and Substantial Shareholders

None of the Directors or substantial shareholders of the Company or their respective associates have any interest, direct or indirect in the Proposed Placement.

Fund Raising in the Past 12 Months

The Company had not raised any funds from fund raising activities in the past 12 months.

Responsibility Statement

The Directors (including any Director who may have delegated detailed supervision of the preparation of this announcement) have collectively and individually accepted full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this announcement are fair and accurate in all material aspects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading.

Documents Available For Inspection

A copy of the placement agreement entered into between the Company and the Placement Agent is available for inspection during normal business hours at 50 Raffles Place, Singapore Land Towers, #32-01, Singapore 048623 for a period of 3 months from the date of this announcement.

General

The Company will make the necessary announcement(s) once the approval for the listing of and quotation for the Placement Shares has been obtained.

BY ORDER OF THE BOARD

Lin Jiancheng
Executive Chairman and CEO

6 April 2011