



**CHINA ERATAT SPORTS FASHION LIMITED**  
(Company Registration Number : 200705552D)

**FOUNDING SHAREHOLDER ACQUIRED SIGNIFICANT STAKE IN CHINA ERATAT TO BECOME THE SINGLE LARGEST SHAREHOLDER**

**CHINA ERATAT'S FREE FLOAT INCREASE SIGNIFICANTLY TO 62.9%**

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China Eratat Sports Fashion Limited (“**China Eratat**” or the “**Company**”) wishes to announce that Mr Lin Jiancheng, its founder, Executive Chairman and CEO, on 21 May 2009 purchased 120,325,000 ordinary shares of the Company (“**Shares**”) at the price of S\$0.125 for each Share, representing approximately 29.0% of the issued and paid-up share capital of the Company through his wholly-owned company, Sunny Joy Limited. Together with his current direct shareholding of 1,200,000 Shares, Mr Lin Jiancheng now owns approximately 29.3% of issued and paid up capital of the Company, thus becoming the single largest controlling shareholder.

Mr Ye Sanzhi, currently the non-executive Director, on 21 May 2009 purchased 32,175,000 ordinary Shares at the price of S\$0.125 for each Share, representing approximately 7.8% of the issued and paid-up share capital of the Company. Mr Ye Sanzhi will become an Executive Director of the Company with effect from 1 June 2009.

The aforesaid purchases were from Hero Win Group Limited and on a willing-buyer, willing-seller basis. Hero Win Group Limited is owned by Mdm Chong Shuk Ching and Mr Ho Wing Fai, who were passive shareholders since 1998 and were not involved in management of the Company. Mdm Chong Shuk Ching and Mr Ho Wing Fai divested their interests in the Company to pursue other business opportunities.

The Company wishes to assure its shareholders that there will be no change in its board members, key management and business directions in the foreseeable future. As the Company has no bank borrowing, the change in controlling shareholder will not result in any breach of any loan covenants.

On 22 May 2009, Hero Win Group Limited will be selling upto 60 million Shares to institutional investors and sophisticated investors at the price of S\$0.125 for each Share, representing approximately 14.5% of the issued and paid-up share capital of the Company (“Share Placement”).

After the afore-mentioned transactions, Hero Win Group Limited has completely divested its shareholdings and is no longer a shareholder of the Company.

“This is a demonstration of our confidence in the industry and in China Eratat. Our share price is currently under-valued and not reflective of our fundamentals.” says Mr Lin Jiancheng. “The purchases of our Shares by the institutional and sophisticated investors also show their confidence in China Eratat and the purchases are beneficial to China Eratat and our shareholders as it will increase the free float significantly to 62.9% of China Eratat’s share capital and improve the liquidity of our shares.”

Stirling Coleman Capital Limited is the Placement Agent for the Share Placement.

**By order of the Board**

Lin Jiancheng  
Executive Chairman and CEO  
22 May 2009

**Note:-**

*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.*