



# CHINA ERATAT SPORTS FASHION LTD

(Company Registration No: 200705552D)

FOR IMMEDIATE RELEASE

## CHINA ERATAT CONTINUES STRONG GROWTH IN FY091H NET PROFIT SOAR 83.1% TO RMB60.6 MILLION



**Revenue rose more than 90% in 2Q and 1H**  
**Overall gross profit margins increased to 30.2%**  
**Sales from footwear jumped by 102.9% to RMB256.1 million**  
**September Trade Fair received RMB500 million in orders**

RMB ('000)	3 months ended 30 September			6 months ended 30 September		
	FY092Q	FY082Q	CHANGE	FY091H	FY081H	CHANGE
Revenue	212,852	110,001	93.5%	382,661	196,491	94.7%
Gross Profit	65,369	32,123	89.4%	115,428	58,500	97.3%
Taxation	(5,082)	(2,673)	90.1%	(9,441)	(4,636)	103.6%
Net Profit	32,219	18,942	70.1%	60,620	33,113	83.1%
EPS (RMB cts)*	7.77	6.53		15.01	11.42	

\* FY082Q based on pre-invitation share capital of 290,029,357 shares

FY092Q based on post-invitational weighted average shares of 414,912,514

FY081H based on pre-invitation share capital of 290,029,357 shares

FY091H based on post-invitational weighted average shares of 403,993,769

**SINGAPORE, 10 November 2008** – 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 sports fashion footwear and apparel company based in Jinjiang, Fujian Province, PRC, today announced it has continued to show strong growth in their second quarter (“FY092Q”) and first half year (“FY091H”) financial results, which ended on 30 September 2008.

### Financial and Operating Review

The Group reported 93.5% and 94.7% jump in its revenue to RMB212.8 million and RMB382.6 million in FY092Q and FY091H respectively. The growth in revenue was contributed mainly from the higher sales of its shoes and apparels segments due to the increased in consumer demand in the PRC. In addition, the success of its product development and marketing efforts and sales strategies on further penetrating into its existing and new markets has also contributed to its revenue growth.

As at the end of FY091H, the Group has expanded the number of retail locations of its ERATAT products from 1471 retail locations (comprising 1430 via PRC Distributors and 41 via direct sales to retailers) as at the end of FY08 to 1630 retail locations (comprising 1590 via PRC Distributors and 40 via direct sales to retailers).

Sales from China Eratat footwear increased 102.9% to RMB256.1 million in FY091H as compared to RMB126.2 million in FY081H, while sales from apparel segment had also increased 80.1% to RMB126.6 million in FY091H from RMB70.3 million in FY081H.

The Group posted an increase of 97.3% or RMB56.9 million in gross profit to RMB115.4 million in FY091H as compared to RMB58.5 million in FY081H. Its overall gross profit margin also improved from 29.8% in FY081H to 30.2% in FY091H, mainly attributed to more footwear being produced in-house (which improves gross profit margin). Approximately 24% of its footwear production in FY091H was outsourced to third party manufacturers in PRC, as compared to approximately 28% in FY081H.

In line with the higher revenue and gross profits, the Group saw its profit before taxation leaped 85.6% or RMB32.4 million to RMB70.1 million in FY091H as compared to RMB37.7 million in FY081H.

Since its listing, the Group has taken proactive steps on various marketing and sales activities (including advertising and promotion) in promoting its ERATAT brand products. The success of these activities was reflected in its higher sales volumes, which attributed to higher distribution expenses of approximately 8.5% of the overall revenue in FY091H as compared to 7.9% in FY081H.

Commented Mr Lin Jiancheng (林建程), Executive Chairman & CEO of China Eratat, "Though the strong performance in FY091H has proven success in our business strategies, I believe we should continue to differentiate ourselves in the market not just in design and quality, but also in market positioning of our Eratat brand."

## Corporate Updates

China Eratat has recently launched their “2009 Spring/Summer Collection” trade fair in September. This trade fair held in Jinjiang, Fujian, has garnered encouraging responses in order books from their local distributors and retailers in PRC. The Group has received approximately RMB500 million worth of orders which is expected to be delivered from January to June 2009.

In line with the Group’s marketing strategy, China Eratat has joined Anhui TV (安徽卫视), by sponsoring a new TV reality programme called “Eratat Mountain Climbing Show” (鳄莱特登山运动会). This programme allows the TV audience to actively participate in the reality show via email or mobile phone SMS. The programme which started showing weekly on Anhui TV channel since July, it has received overwhelming response from the audience. The programme is currently running its third event and it will continue until December 2008.

## About China Eratat Sports Fashion Limited

China Eratat is principally engaged in the design, manufacture and distribution of sports footwear, and the design and distribution of sports apparel under its well-established proprietary brand “ERATAT” (“鳄莱特”). The Group’s products are designed for a wide range of activities catering to the sports and casual lifestyles. With its strong focus on brand management, product development and quality, the Group has received numerous awards which include “China Best Public Image Brand” in 2006. Eratat products are sold across 21 provinces/cities in 1630 specialty stores and retail locations through its PRC distributors. In addition, the Group also produces sports footwear products under third party brands for sale to its export distributors.

### 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.*

China Eratat is listed on SGX-ST on 17 April, 2008. Kim Eng Capital Pte. Ltd. is the Manager, Underwriter and Placement Agent for the IPO.

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