



CHINA ERATAT SPORTS FASHION LIMITED

(Company Registration No: 200705552D)

FOR IMMEDIATE RELEASE

CHINA ERATAT ACHIEVED STERLING RESULTS FY08 NET PROFIT SOAR 72.7% TO RMB70.2 MILLION

RMB ('000)	Year ended 31 March		
	FY08	FY07	% Change
Revenue	452,990	286,400	58.2%
Gross Profit	131,738	81,327	62.0%
Taxation	(9,974)	(5,736)	73.9%
Net Profit	70,154	40,619	72.7%
EPS (RMB cents)*	0.2419	0.1401	

* Based on pre-invitation share capital of 290,029,357 shares



Revenue climbed 58.2% to RMB453 million

Sales volumes for sports footwear and apparel jumped by 58% and 93% respectively

Order book amounts to RMB660 million

To further increase retail locations by 56% to about 2,300

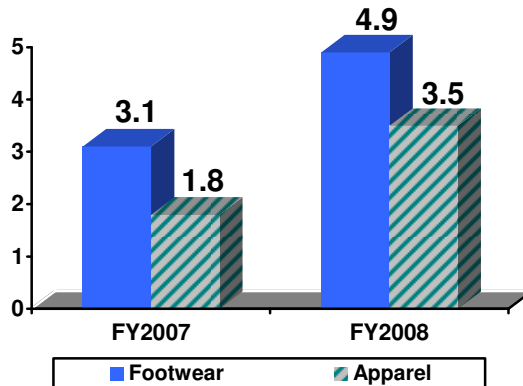
SINGAPORE, 26 May, 2008 – SGX mainboard-listed China Eratat Sports Fashion Limited (中国鳄莱特运动时尚有限公司) (“China Eratat” and together with its subsidiaries, the “Group”), a leading sports fashion footwear and apparel company based in Jinjiang, Fujian Province, PRC, posted a 58.2% jump to RMB453 million in revenue in their full financial year ended 31 March 2008 (“FY08”) as compared to last year (“FY07”). The Group’s net profit surged 72.7% to RMB70 million in FY08 from RMB41 million in FY07.

Mr Lin Jiancheng (林建程), Executive Chairman & CEO of China Eratat commented, “Our successful listing and the success in implementing our corporate strategy have indeed marked a significant milestone in our corporate history. The credit should go to the management and staff whose commitment and undaunting spirit have made it possible. In addition, we are also encouraged by the positive response from our PRC distributors during our bi-annual trade fair. I am pleased to announce that our current order book now amounts to about RMB660 million, which is about 145% of our FY08 revenue.”

Revenue from its sports footwear segment recorded a 45.0% rise from RMB205 million in FY07 to RMB297 million in FY08, and revenue from sports apparel, which contributed RMB156 million in FY08, an increase of 91.2% from FY07.

The surge in revenue can be attributed to three main factors, namely, strong demand, increase in the number of retail outlets from 991 in FY07 to 1,471 as at the end of FY08 and extensive advertising and promotion.

Sales volume by product segment (million pairs/units)



Total sales volume from sports footwear segment increased by 58% from 3.1 million pairs in FY07 to 4.9 million pairs in FY08. While sports apparel recorded a 93% jump to 3.5 million units in FY08 as compared to 1.8 million units in FY07.

The Group's overall gross profit margin increased from 28.4% in FY07 to 29.1% in FY08. This was mainly attributed to (i) strong branding and market positioning achieved for its ERATAT products which allowed the Group to price its ERATAT products at a better premium; and (ii) the benefits of economies of scale from increasing production volumes for its sports footwear products as the footwear production capacity had been fully utilized in FY07 and FY08. But this was offset by higher cost of sales of footwear because about 42% of our footwear in FY08 was outsourced to third party manufacturers in PRC, as compared to about 20% in FY07.

Added Mr Lin, "To meet the anticipated growth in demand, the Group's 3 newly installed footwear production lines are expected to be fully operational by the end of June 2008, which will allow the Group to produce approximately 7.2 million pairs of footwear annually."

In the next phase of expansion, the Group intends to add 5 new footwear production lines by end of year 2008 which will further increase the Group's production capacity to approximately 11.5 million pairs per annum. In addition, we will add 50 new apparel production lines by end of FY2009 to produce approximately 6.2 million units of apparel per annum. We believe that by producing apparel ourselves will enhance our apparel gross profit margin by about 10% points and also enable us to exercise better control over quality. We also anticipated that about 829 retail locations will be added by end of FY2009.

OUTLOOK

The demand for Eratat products is anticipated to be strong because of the confluence of several factors. First, the rising affluence of PRC consumers who increasingly demand for better quality and branded shoes and sportswear products, which we are producing. Secondly, it is the change in lifestyle with an emphasis on leisure and sports activities, which will increase the demand for our products. And third, the Beijing Olympics in

August 2008, both during the run-up and the momentum generated thereafter, will keep the demand for Eratat products buoyant.

The Group has in April 2008 launched the Beijing Olympics theme song called “加油中国” that was commissioned by the Beijing Olympics Committee, which aims to rally the entire China population to support its Olympics athlete teams during the Games. The making of this song and music video was solely sponsored by the Group. It will be telecast continuously nationwide from May 2008 onwards until the Olympics in August 2008 in China over 150 television stations, 18 satellite stations, as well as in various media (such as newspapers and magazines, internet websites and radio stations) that will be covering the Beijing Olympics event. The Group can also utilize any of the eight athletes who appeared in the music video for our own Eratat advertising and promotional activities for the next 2 years. China Eratat believes that this wide coverage by the media can accelerate the awareness of ERATAT brand exponentially across China.

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 1,471 specialty stores and retail locations through its distributors in the PRC. 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 was listed on SGX-ST on 17 April, 2008. Kim Eng Capital Pte. Ltd. (“Kim Eng”) was the issue manager in the initial public offering of the Company. This press release has been prepared and released by the Company and Kim Eng assumes no responsibility for the contents.

ISSUED ON BEHALF OF	:	CHINA ERATAT SPORTS FASHION LIMITED
BY	:	PR Blueprint Pte Ltd
	:	24 Raffles Place #17-03 Clifford Centre
	:	Singapore 048621
CONTACT	:	Ms Kellyn Tan
AT TELEPHONE	:	6336-6966
AFTER OFFICE HOURS	:	9850-0882
EMAIL	:	ir@eratatgroup.com