

**CTEI 2007
Annual Review**

Apr 2008

CHIA TAI ENTERPRISES INTERNATIONAL LIMITED

ANNUAL RESULTS 2007

ADDITIONAL INFORMATION

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Highlights

Audited results for the 12 months ended 31 Dec 2007

- » Total revenue grew 26.1% to HK\$4,390.7M
- » GP margin increased from 12.2% to 16.8%
- » Total operating loss improved significantly from -14.4% of sales to -4.9% of sales
- » EBITDA (excluding gain from disposal of subsidiaries in 2006) improved 82.9% from -HK\$382.9M to -HK\$65.3M
- » Operates a total of 33 stores

Income Statement

	2007 HK\$'M	2006 HK\$'M	Growth (%)
Sales	4,390.7	3,482.8	26.1% ^{Note 1}
Cost of Goods Sold	3,651.6	3,059.0	19.4%
Gross Margin	739.0	423.8	74.4%
Loss for the Year ^{Note 2}	(304.7)	(571.0)	46.6%
EBITDA ^{Note 2}	(65.3)	(382.9)	82.9%

Note 1: 2006 sales only includes 10 months Lotus South results, LFL growth is 10.6%

Note 2: from continuing operations, excluding gain from disposal of subsidiary in 2006

Income Summary

	2007	% of sales	2006	% of sales
Consignment Income	110.5	2.5%	73.5	2.1%
Promotion and Service Income	53.2	1.2%	52.5	1.5%
Other Net Income	11.6	0.3%	37.7 ^{Note 1}	1.1%

Note 1: included a gain on disposal of subsidiaries of HK\$39.1M

Expenses Summary

	2007	% of sales	2006	% of sales
Selling & Distribution Costs				
Utilities	132.2	3.0%	123.5	3.5%
Personnel	215.1	4.9%	170.1	4.9%
Rental	295.9	6.7%	256.9	7.4%
Others ^{Note 1}	318.7	7.3%	269.5	7.7%
Sub-total	<u>961.9</u>	<u>21.9%</u>	<u>820</u>	<u>23.5%</u>
Administrative Expenses ^{Note 2}	238.1	5.4%	236.3	6.8%

Note 1: includes office, transportation, printing and marketing expenses etc

Note 2: approx. HK\$147.4m relates to personnel expenses

Earnings Per Share

No. of shares in issue	5,996.6M
No. of options outstanding	1,798.9M

	2007	2006
	HK\$'M	HK\$'M
Loss from continuing operation attributable to equity holder	(307.3)	(559.1)
(Loss)/ Earnings per share		
Basic and diluted	HK cents (5.13)	(9.32)

Shares information

» Share price as of 18 April, 2008 : HK\$ 0.169

» Share price (*Closing Price*)

15-day average HK\$ 0.169

30-day average HK\$ 0.175

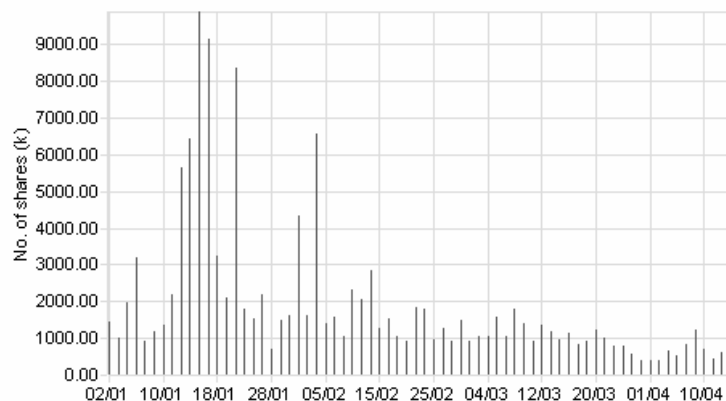
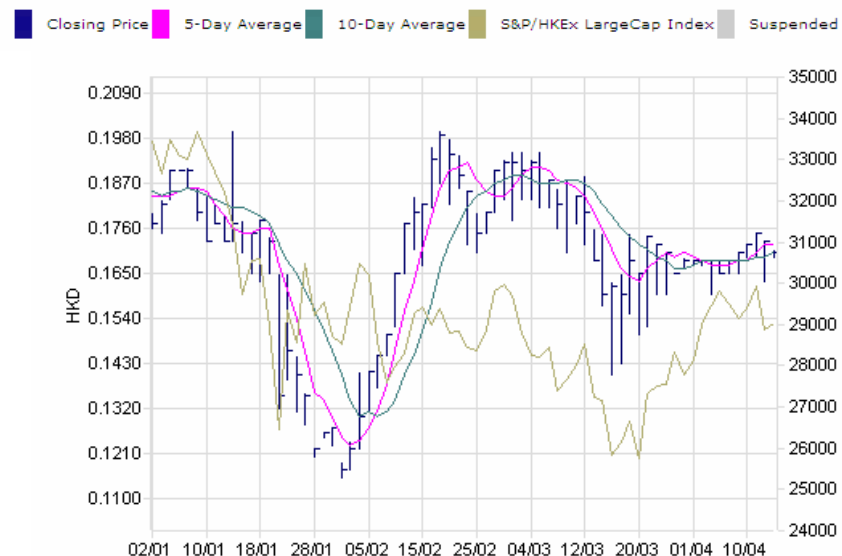
60-day average HK\$ 0.168

» Trading volume

15-day average 0.72 mil. shares

30-day average 0.95 mil. shares

60-day average 1.95 mil. shares



The Restructuring

- » CTEI to acquire 19 performing stores from SLS for a total consideration of HK\$2,814M and dispose 11 non-performing stores to CPG
- » CTEI will operate a total of 41 performing stores with total sales area of 612,000 square meters and 2006 total sales of RMB6,892M
- » Consideration will be satisfied by issuance of consideration shares, preference shares and convertible bonds
- » Completion expects to take place in second quarter 2008

Performing vs Non-performing (stores level comparison only)

<i>(Unit: RMB Million)</i>	Performing					Non-Performing				
	2007	% of sales	2006	% of sales	Growth	2007	% of sales	2006	% of sales	Growth
For the 12 months ended 31 Dec 07										
Number of stores at end of period	22		21			11		11		
Sales	3,179.4	100.0%	2,667.5	100.0%	19.2%	1,052.7	100.0%	998.1	100.0%	5.5%
Cost of Goods Sold	2,635.9	82.9%	2,222.0	83.3%	18.6%	885.1	84.1%	914.6	91.6%	-3.2%
Gross Margin	543.5	17.1%	445.5	16.7%	22.0%	167.6	15.9%	83.5	8.4%	100.7%
EBIT	-7.9	-0.2%	-120.6	-4.5%	93.4%	-124.9	-11.9%	-224.1	-22.5%	44.3%
EBITDA	92.7	2.9%	22.3	0.8%	315.7%	-80.8	-7.7%	-183.2	-18.4%	55.9%

Performing vs Non-Performing (cont'd)

(store level comparison only)

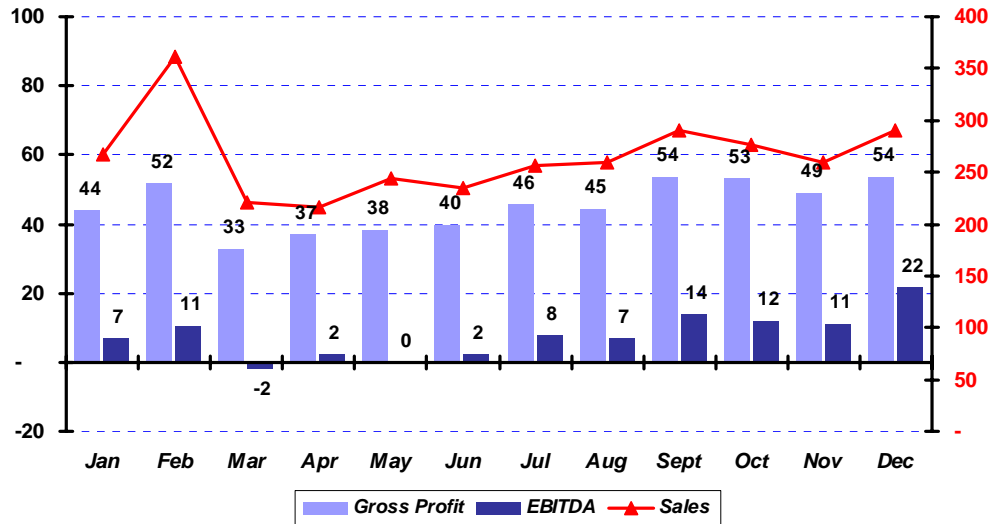
- » Performing stores and non-performing stores sales increased by 19.2% and 5.5% respectively
- » P store LFL growth 13.5%
- » NP stores LFL growth 2.1%.
- » EBITDA improved from 0.8% to 2.9% of sales for P stores and from -18.4% to -7.7% of sales for NP stores

Performing vs Non-Performing (cont'd)

(store level comparison only)

RMB Million

PERFORMING STORE



RMB Million

NON-PERFORMING STORE

