

CTEI 2007
Interim Review

Sept 2007

CHIA TAI ENTERPRISES INTERNATIONAL LIMITED
INTERIM RESULTS 2007
ADDITIONAL INFORMATION

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Highlights

Unaudited results for the 6 months ended 30 Jun 2007

- » Total revenue grew 44.7% to HK\$2,152.0M
- » GP margin increased from 11.9% to 12.8%
- » Loss for the year improved from -13.5% of sales to -9.4% of sales
- » EBITDA improved 39.1% from -HK\$126.2M to -HK\$76.8M
- » Operates a total of 32 stores

Income Statement

	2007 HK\$'M	2006 HK\$'M	Growth (%)
Sales	2,152.0	1,487.4 ^{Note 1}	+ 44.7%
Cost of goods sold	1,877.3	1,309.9	+ 43.3%
Gross margin	274.7	177.4	+ 54.8%
Loss for the year ^{Note 2}	(202.4)	(201.0)	- 0.7%%
EBITDA ^{Note 2}	(76.8)	(126.2)	+ 39.1%

Note 1 : 1H2006 sales only includes 4 months Lotus South results, LFL growth is 10.4%

Note 2: from continuing operations after MI, excluding gain from disposal of subsidiaries and an associate and profit from discontinued operation in 2006

Income Summary

	2007	% of sales	2006	% of sales
Consignment Income	49.9	2.3%	31.9	2.1%
Promotion and service income	85.1	4.0%	62.0	4.2%
Other income	27.1	1.3%	49.8 ^{Note 1}	3.3%

Note 1: included a gain on disposal of subsidiaries and an associate of HK\$39.1m

Expenses Summary

	2007	% of sales	2006	% of sales
Selling & distribution costs				
Utilities	62.0	2.9%	45.7	3.1%
Personnel	107.5	5.0%	70.0	4.7%
Rental	148.2	6.9%	113.1	7.6%
Others ^{Note 1}	<u>169.0</u>	<u>7.9%</u>	<u>123.4</u>	<u>8.3%</u>
Sub-total	<u>486.7</u>	<u>22.6%</u>	<u>352.2</u>	<u>23.7%</u>
Administrative expenses	111.5 ^{Note2}	5.2%	117.7	7.9%

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

Note 2: approxi. HK\$5.4m relates to professional fee for the Restructuring

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 ^{Note 1}		(202.4)	(201.0)
Loss per share - basic and diluted	HK cents	(3.37)	(3.35)

Note 1: exclude gain on disposal of subsidiaries and an associate and profit from discontinued operations in 2006

Shares information

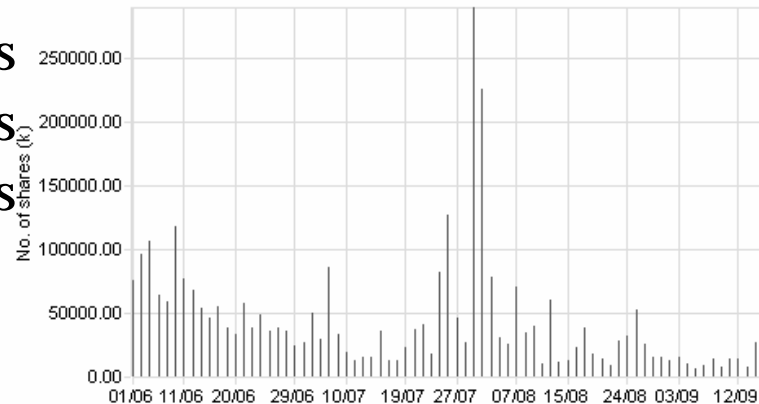
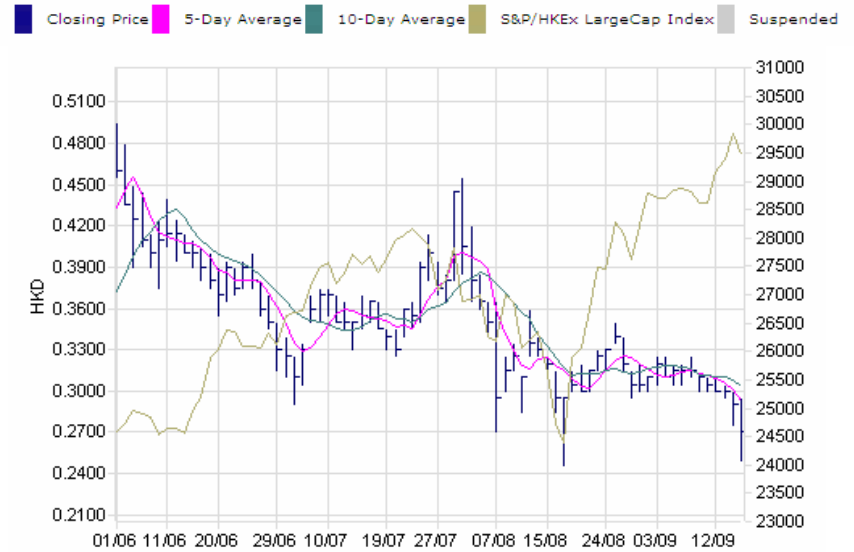
» Share price as of September 17, 2007 : **HK\$ 0.2700**

» Share price (*Closing Price*)

15-day average	HK\$ 0.3060
30-day average	HK\$ 0.3108
60-day average	HK\$ 0.3365

» Trading volume

15-day average	15.4 mil. shares
30-day average	22.9 mil. shares
60-day average	37.9 mil. shares



Source: HKSE

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 40 performing stores with total sales area of 604,000 square meters and 2006 total sales of RMB6,892M
- » Consideration will be satisfied by issuance of consideration shares, preference shares and convertible bonds
- » Completion to take place no later than 15 May 2008

Performing vs Non-performing (store level comparison only)

<i>(Unit: RMB Million)</i>	Performing					Non-Performing				
	2006	% of sales	2007	% of sales	<i>Growth</i>	2006	% of sales	2007	% of sales	<i>Growth</i>
For the six months ended June 30										
<i>Number of stores at the end of period</i>	19		21			11		11		
Sales	1,271	100.0%	1,560	100.0%	22.8%	493	100.0%	537	100.0%	8.9%
Cost of goods sold	(1,103)	-86.8%	(1,352)	-86.7%	-22.6%	(460)	-93.4%	(477)	-88.9%	-3.6%
Gross margin	168	13.2%	208	13.3%	23.8%	33	6.6%	60	11.1%	83.9%
EBIT - Store level	11.1	0.9%	10.8	0.7%	-2.9%	(108.5)	-22.0%	(78.9)	-14.7%	27.3%
EBITDA - Store level	49.0	3.9%	62.5	4.0%	27.6%	(91.5)	-18.6%	(56.9)	-10.6%	37.8%

Performing vs Non-Performing (cont'd)

(store level comparison only)

- 》 Performing stores and non-performing stores sales increased by 22.8% and 8.9% respectively
- 》 P store LFL growth 14.6%
- 》 NP stores LFL growth 1.0%.
- 》 EBITDA improved from 3.9% to 4.0% of sales and -18.6% to -10.6% of sales respectively for P and NP stores