

**UNAUDITED CONSOLIDATED RESULTS**

The board of directors (the “Directors”) of Chia Tai Enterprises International Limited (the “Company”) announces the unaudited condensed consolidated profit and loss account, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2003 (the “Period”) and the unaudited condensed consolidated balance sheet of the Group as at 30th June, 2003, together with the comparative figures in 2002, as follows:

Condensed Consolidated Profit and Loss Account

	Notes	Unaudited	
		Six months ended 30th June, 2003 HK\$'000	2002 HK\$'000
TURNOVER	2	112,084	54,619
Cost of sales		(98,823)	(47,873)
Gross profit		13,261	6,746
Gain on the disposal of an associate		–	58,694
Loss on the disposal of investment properties		(16,632)	–
Other revenue		5,359	1,722
Selling and distribution costs		(27,485)	(4,798)
Administrative expenses		(29,498)	(30,694)
Other operating expenses		(99)	(2,222)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	2 & 3	(55,094)	29,448
Finance costs		–	(5,163)
Share of profit/(losses) of:			
Jointly controlled entities		7,973	(6,610)
Associates		(6,739)	(1,701)
PROFIT/(LOSS) BEFORE TAX		(53,860)	15,974
Tax	4	(1,226)	–
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		(55,086)	15,974
Minority interests		9,008	5,706
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(46,078)	21,680
Accumulated losses at beginning of the Period		(517,951)	(621,392)
ACCUMULATED LOSSES AT END OF THE PERIOD		(564,029)	(599,712)
EARNINGS/(LOSS) PER SHARE – HK Cent:	6		
Basic		(0.77)	0.36
Diluted		N/A	0.33



UNAUDITED CONSOLIDATED RESULTS (Continued)

Condensed Consolidated Statement of Changes in Equity

	Unaudited							Total equity HK\$'000
	Ordinary share HK\$'000	Share premium HK\$'000	Reorganization reserve HK\$'000	General reserve HK\$'000	Exchange equalization reserve HK\$'000	Reserve fund HK\$'000	Accumulated loss HK\$'000	
Balance at 1st January, 2003	119,932	931,688	105,567	137	1,000	20,716	(517,951)	661,089
Net loss for the Period	-	-	-	-	-	-	(46,078)	(46,078)
Exchange reserve arising from consolidation	-	-	-	-	2	-	-	2
Balance at 30th June, 2003	<u>119,932</u>	<u>931,688</u>	<u>105,567</u>	<u>137</u>	<u>1,002</u>	<u>20,716</u>	<u>(564,029)</u>	<u>615,013</u>
Balance at 1st January, 2002	119,932	931,688	105,567	137	(817)	18,910	(621,392)	554,025
Net profit for the six months ended 30th June, 2002	-	-	-	-	-	-	21,680	21,680
Exchange reserve arising from consolidation	-	-	-	-	(353)	-	-	(353)
Balance at 30th June, 2002	<u>119,932</u>	<u>931,688</u>	<u>105,567</u>	<u>137</u>	<u>(1,170)</u>	<u>18,910</u>	<u>(599,712)</u>	<u>575,352</u>

**UNAUDITED CONSOLIDATED RESULTS (Continued)****Condensed Consolidated Balance Sheet**

	Notes	Unaudited 30th June, 2003 HK\$'000	Audited 31st December, 2002 HK\$'000
NON-CURRENT ASSETS			
Fixed assets		59,907	50,153
Investment properties		28,840	75,000
Negative goodwill		(3,750)	(3,750)
Deposit for acquisition of a fixed asset		–	826
Interests in jointly controlled entities		314,096	386,691
Interests in associates		263,404	18,847
		662,497	527,767
CURRENT ASSETS			
Inventories		27,880	25,452
Trade debtors	8	641	–
Other debtors, prepayments and deposits		129,208	14,056
Amounts due from related companies		101,979	3,767
Cash and cash equivalents		247,864	331,882
		507,572	375,157
CURRENT LIABILITIES			
Trade creditors	9	36,656	29,966
Tax payable		1,393	975
Deposit received for disposal of equity interests in a subsidiary		12,910	12,910
Other creditors and accrued expenses		334,902	30,992
Amounts due to related companies		22,271	11,056
Amounts due to the ultimate holding company		305	309
		408,437	86,208
NET CURRENT LIABILITIES		99,135	288,949
TOTAL ASSETS LESS CURRENT LIABILITIES		761,632	816,716
Minority interests		(146,619)	(155,627)
		615,013	661,089
CAPITAL AND RESERVES			
Issued capital		119,932	119,932
Reserves		1,059,110	1,059,108
Accumulated losses		(564,029)	(517,951)
		615,013	661,089



UNAUDITED CONSOLIDATED RESULTS (Continued)

Condensed Consolidated Cash Flow Statement

	Unaudited	
	Six months ended 30th June,	
	2003	2002
	HK\$'000	HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(51,744)	(43,037)
INVESTING ACTIVITIES		
Purchases of fixed assets	(14,697)	(7,976)
Proceeds from disposal of equity interest in an associate	–	65,543
Repayment from jointly controlled entities	53,977	52,371
Deposit for disposal of equity interest in a subsidiary	–	47,027
Partial payment for an acquisition	(12,565)	–
Proceeds from disposal of fixed assets	13	–
Proceeds from disposal of investment property	6,960	–
Interest received	2,201	430
Net cash inflow from investing activities	35,889	157,395
FINANCING ACTIVITIES		
Repayment of interest-bearing bank and other borrowings	–	(84,494)
Advance from jointly controlled entities	25,364	–
Repayment to related company	(93,527)	–
Repayment to a minority shareholder	–	(5,900)
Net cash used in financing activities	(68,163)	(90,394)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(84,018)	23,964
Cash and cash equivalents at beginning of the Period	331,882	27,329
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	247,864	51,293
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	30,402	18,011
Time deposits with original maturity of less than three months when acquired	217,462	33,282
	247,864	51,293