

## CHAIRMAN'S STATEMENT

I am pleased to present to our shareholders, the annual results of Chia Tai Enterprises International Limited and its subsidiaries (together the "Group") for the year ended 31st December, 2003.

### RESULTS

The Group's audited turnover for the year ended 31st December, 2003 was HK\$349,107,000 (2002: HK\$90,714,000), representing an increase of 3.8 times over the corresponding period in 2002.

The Group's net profit attributable to shareholders for the year amounted to HK\$65,551,000 (2002: HK\$105,247,000), dropped by 37.7% or HK\$39,696,000.

Basic earnings per share for the year was HK\$0.0109 (2002: HK\$0.0176), whilst diluted earnings per share for the year was HK\$0.0105 (2002: HK\$0.0170).

### OVERVIEW

The year 2003 was a year of business expansion for the Group.

The Group continuously adopted the strategy of diversifying into the potentially lucrative retail industry. During the year, the Group has invested in large scale cash-and-carry warehouse store business through acquisition of 50% interest of Lotus-CPF (PRC) Investment Company Limited (formerly known as "SHV-CPF (PRC) Investment Company Limited") and 10% interest of Chia Tai-Lotus (Guangdong) Investment Co. Ltd. (formerly known as "Chia Tai-Makro (Guangdong) Investment Co. Ltd.") and establishment of Beijing Lotus Supermarket Chain Store Co., Ltd., Tianjin Lotus Supermarket Chain Store Co., Ltd. and Taian Lotus Supermarket Chain Store Co., Ltd..

The Group also entered into contracts with a third party to acquire an 11.25% equity interest ("the initial equity interest") in Shanghai Lotus Supermarket Chain Store Company Limited ("Shanghai Lotus") and an option to acquire in, including the initial equity interest, an aggregate 51% equity interest in Shanghai Lotus.

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### OVERVIEW (Continued)

Meanwhile, as Shanghai's property market is now growing steadily, in order to maximize returns for shareholders, the Group is examining a number of development plans for the Group's further development of its prime real estate in Shanghai, The People's Republic of China (the "PRC").

### PROSPECTS

The Group's business is concentrated in South-East Asia with a strong focus on the PRC. With the steady economic growth in the PRC, which brings along with the increased purchasing power and higher demand for better living standard, the Group is in a strong position to take advantage of the economic boom in the PRC based on the Group's extensive experience and network in the PRC.

In the year ahead, the Group will continue to expand in the retail business, and focus on developing its existing PRC business such as logistics and property development and other business in order to strengthen its earning base. The Directors believe that this strategic diversification is in the best interest of the Group, enabling it to create greater value for shareholders.

### ACKNOWLEDGEMENT

I would like to express our gratitude to shareholders for their continued support to the Group and to the Directors and staff members of the Group for their commitments and dedicated services in past years.

**Soopakij Chearavanont**

*Chairman*

15th April, 2004