

**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 of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2004 (the “Period”) together with the comparative figures in 2003, as follows:

Condensed Consolidated Profit and Loss Account

		Unaudited	
		Six months ended 30th June,	
	Notes	2004	2003
		HK\$'000	HK\$'000
TURNOVER	2	400,277	112,084
Cost of sales		(357,931)	(98,823)
Gross profit		42,346	13,261
Loss on the disposal of investment properties		(427)	(16,632)
Other revenue		32,555	5,359
Selling and distribution costs		(75,484)	(27,485)
Administrative expenses		(74,215)	(29,498)
Other operating expenses		–	(99)
LOSS FROM OPERATING ACTIVITIES	2 & 3	(75,225)	(55,094)
Finance costs		(248)	–
Share of profits/(losses) of:			
Jointly controlled entities		9,752	7,973
Associates		3,897	(6,739)
LOSS BEFORE TAX		(61,824)	(53,860)
Tax	4	(1,693)	(1,226)
LOSS BEFORE MINORITY INTERESTS		(63,517)	(55,086)
Minority interests		13,742	9,008
NET LOSS FROM ORDINARY ACTIVITIES			
ATTRIBUTABLE TO SHAREHOLDERS		(49,775)	(46,078)
Accumulated losses at beginning of the Period		(452,400)	(517,951)
ACCUMULATED LOSSES AT END OF THE PERIOD		(502,175)	(564,029)
LOSS PER SHARE – HK Cent:	6		
Basic		(0.83)	(0.77)
Diluted		(0.77)	N/A



UNAUDITED CONSOLIDATED RESULTS (Continued)

Condensed Consolidated Statement of Changes in Equity

	Unaudited							
	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	Total equity HK\$'000
Balance at 1st January, 2004	119,932	931,688	105,567	-	(7,023)	20,716	(452,400)	718,480
Net loss for the Period	-	-	-	-	-	-	(49,775)	(49,775)
Exchange reserve arising from consolidation	-	-	-	-	317	-	-	317
Balance at 30th June, 2004	<u>119,932</u>	<u>931,688</u>	<u>105,567</u>	<u>-</u>	<u>(6,706)</u>	<u>20,716</u>	<u>(502,175)</u>	<u>669,022</u>
Balance at 1st January, 2003	119,932	931,688	105,567	137	1,000	20,716	(517,951)	661,089
Net loss for the six months ended 30th June, 2003	-	-	-	-	-	-	(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>

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

	Notes	Unaudited 30th June, 2004 HK\$'000	Audited 31st December, 2003 HK\$'000
NON-CURRENT ASSETS			
Fixed assets	8	273,320	126,682
Investment properties		26,813	26,000
Other non-current assets		20,638	23,030
Interests in jointly controlled entities		257,896	249,607
Interests in associates		293,956	357,279
		872,623	782,598
CURRENT ASSETS			
Inventories		116,126	76,044
Trade debtors	9	4,655	1,476
Other debtors, prepayments and deposits		260,065	380,707
Amounts due from related companies		718	–
Amounts due from associates		70,018	–
Cash and cash equivalents		219,835	81,770
		671,417	539,997
CURRENT LIABILITIES			
Trade creditors	10	219,207	90,582
Other creditors and accrued expenses		204,181	98,432
Amounts due to related companies		3,133	2,147
Bank loans	11	48,880	–
		475,401	191,161
NET CURRENT ASSETS		196,016	348,836
TOTAL ASSETS LESS CURRENT LIABILITIES		1,068,639	1,131,434
NON-CURRENT LIABILITIES			
Amounts due to ultimate holding company		211	305
Amounts due to minority shareholders of subsidiaries		36,457	35,900
Consideration payable for acquisition of an associate		269,784	269,783
Amounts due to jointly controlled entities		3,637	3,637
		310,089	309,625
Minority interests		89,528	103,329
		669,022	718,480
CAPITAL AND RESERVES			
Issued capital		119,932	119,932
Reserves		1,051,265	1,050,948
Accumulated losses		(502,175)	(452,400)
		669,022	718,480



UNAUDITED CONSOLIDATED RESULTS (Continued)
Condensed Consolidated Cash Flow Statement

	Unaudited	
	Six months ended 30th June,	
	2004	2003
	HK\$'000	HK\$'000
NET CASH FROM (USED IN) OPERATING ACTIVITIES	121,731	(51,744)
INVESTING ACTIVITIES		
Purchase of fixed assets	(154,130)	(14,697)
Purchase of investment properties	(1,156)	–
Proceeds from disposal of equity interest in subsidiaries	121,145	–
Repayment from jointly controlled entities	–	53,977
Advance to associates	(348)	–
Partial payment for an acquisition	–	(12,565)
Proceeds from disposal of fixed assets	135	13
Proceeds from disposal of investment property	654	6,960
Interest received	1,635	2,201
Net cash (used in) from investing activities	(32,065)	35,889
FINANCING ACTIVITIES		
Interest paid	(248)	–
New bank loans	48,880	–
Advance from jointly-controlled entities	–	25,364
Repayment to a related company	–	(93,527)
Repayment to minority shareholders	(139)	–
Repayment to ultimate holding company	(94)	–
Net cash from (used in) financing activities	48,399	(68,163)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	138,065	(84,018)
Cash and cash equivalents at beginning of the Period	81,770	331,882
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	219,835	247,864
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	165,121	30,402
Time deposits with original maturity of less than three months when acquired	54,714	217,462
	219,835	247,864