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## **CHIA TAI ENTERPRISES INTERNATIONAL LIMITED**

**正大企業國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 00121)

### **CONTINUING CONNECTED TRANSACTIONS**

On 29 June 2009, SLS and Beijing Lotus, the wholly-owned subsidiaries of the Company, each entered into an agreement with CTCREM, for a term commencing 1 June 2009 and expiring 31 December 2009. These agreements are:

1. the Eastern China Consulting Agreement in relation to the provision of consulting services by CTCREM to SLS in relation to 19 Stores operated by SLS in Eastern China; and
2. the Northern China Consulting Agreement in relation to the provision of consulting services by CTCREM to Beijing Lotus in relation to 4 Stores operated by Beijing Lotus in Northern China.

The Chearavanont Shareholders, through CPG, a company in which they have a combined 51.31% shareholding interest, are interested in approximately 75% in aggregate of the issued share capital of the Company, and are therefore collectively the controlling shareholders of the Company. As the Chearavanont Shareholders and their associates, on an aggregate basis, are directly or indirectly interested in approximately 100% of the issued share capital of CTCREM, CTCREM is an associate of the Chearavanont Shareholders and is therefore a connected person of the Company for the purposes of the Listing Rules.

Given that each of the percentage ratios (other than the profits ratio) represented by the amounts payable on an aggregated basis for the entire term of the Consulting Agreements is less than 2.5%, the Consulting Agreements will together constitute a continuing connected transaction exempt from independent shareholders' approval and is subject to the reporting and announcement requirements only under the Listing Rules.

#### **A. EASTERN CHINA CONSULTING AGREEMENT**

##### **(a) Date**

29 June 2009

**(b) Parties**

- (i) SLS
- (ii) CTCREM

**(c) Services and Service Fee**

Provision of consultancy services by CTCREM to SLS, including market research, merchandise position, store layout, merchandise composition and other operational matters in relation to 19 Stores operated by SLS in Eastern China. SLS shall pay a monthly service fee of RMB708,000 (approximately HK\$802,801.20) determined by reference to the personnel and administrative costs incurred by CTCREM to provide the services. This monthly service fee shall be payable before the 25th day of the relevant calendar month by way of bank transfer.

SLS has also agreed to reimburse CTCREM for transportation and miscellaneous expenses actually incurred by CTCREM in connection with the provision of the relevant services.

**(d) Term**

From 1 June 2009 to 31 December 2009

**(e) Annual Cap**

The proposed annual cap for the payments under the Eastern China Consulting Agreement is the aggregate service fee for the entire term of the Eastern China Consulting Agreement which ends on 31 December 2009, being the amount of RMB4,956,000 (approximately HK\$5,619,608.40). The proposed annual cap has been determined by reference to the monthly service fee payable and the length of the term of the Eastern China Consulting Agreement.

**B. NORTHERN CHINA CONSULTING AGREEMENT**

**(a) Date**

29 June 2009

**(b) Parties**

- (i) Beijing Lotus
- (ii) CTCREM

**(c) Services and Service Fee**

Provision of consultancy services by CTCREM to Beijing Lotus, including market research, merchandise position, store layout, merchandise composition and other operational matters in relation to 4 Stores operated by Beijing Lotus in Northern China. Beijing Lotus shall pay a monthly service fee of RMB66,858 (approximately HK\$75,810.29) determined by reference to the personnel and administrative costs incurred by CTCREM to provide the services. This monthly service fee shall be payable before the 25th day of the relevant calendar month by way of bank transfer.

**(d) Term**

From 1 June 2009 to 31 December 2009

**(e) Annual Cap**

The proposed annual cap for the payments under the Northern China Consulting Agreement is the aggregate service fee for the entire term of the Northern China Consulting Agreement which ends on 31 December 2009, being the amount of RMB468,006 (approximately HK\$530,672.00). The proposed annual cap has been determined by reference to the monthly service fee payable and the length of the term of the Northern China Consulting Agreement.

**INFORMATION ON THE PARTIES**

The Company is an investment holding company whose subsidiaries are engaged in the operation of large scale hypermarket stores in the PRC.

Amongst such subsidiaries are SLS and Beijing Lotus, which are principally engaged in the business of the operation of large scale hypermarket stores in the Eastern and Northern regions of the PRC respectively.

CTCREM is a company established in the PRC with limited liability and is principally engaged in the leasing and redevelopment of retail area in the PRC, provision of management consultancy services and sales of goods.

**REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The principal commercial reason for SLS and Beijing Lotus entering into the Consulting Agreements is to engage CTCREM to provide relevant consultancy services for SLS' and Beijing Lotus' Stores and to assist SLS and Beijing Lotus to improve the vibrancy of their shopping concept and operations at the Stores and to tap on brandname sub-tenants or concessionaires which can complement the retail operations of SLS and Beijing Lotus.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Consulting Agreements are on normal commercial terms, in the ordinary course of business, fair and reasonable and in the interests of the Company and its shareholders as a whole.

**LISTING RULES IMPLICATIONS**

The Chearavanont Shareholders, through CPG, a company in which they have a combined 51.31% shareholding interest, are interested in approximately 75% in aggregate of the issued share capital of the Company, and are therefore collectively the controlling shareholders of the Company. As the Chearavanont Shareholders and their associates, on an aggregate basis, are directly or indirectly interested in approximately 100% of the issued share capital of CTCREM, CTCREM is an associate of the Chearavanont Shareholders and is therefore a connected person of the Company for the purposes of the Listing Rules.

Given that each of the percentage ratios (other than the profits ratio) represented by the amounts payable on an aggregated basis for the entire term of the Consulting Agreements is less than 2.5%, the Consulting Agreements will together constitute a continuing connected transaction exempt from independent shareholders' approval and is subject to the reporting and announcement requirements only under the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate”	has the meaning ascribed to this term in the Listing Rules
“Beijing Lotus”	北京易初蓮花連鎖超市有限公司 (Beijing Lotus Supermarket Chain Store Co., Ltd.), a foreign invested enterprise established in the PRC and a wholly-owned subsidiary of the Company
“Board”	the board of directors of the Company
“Chearavanont Shareholders”	four members of the Chearavanont family, namely Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Sumet Jiaravanon and Mr. Dhanin Chearavanont who, on an aggregate basis, own a 51.31% interest in CPG which through its wholly-owned subsidiary, is interested in approximately 75% of the issued share capital of the Company
“Company” or “CTEI”	Chia Tai Enterprises International Limited (正大企業國際有限公司), a company incorporated in the Cayman Islands whose shares are listed and traded on the Main Board of the Stock Exchange
“Consulting Agreements”	the Eastern China Consulting Agreement and the Northern China Consulting Agreement
“CPG”	Charoen Pokphand Group Company Limited, a company organized and existing under the laws of the Kingdom of Thailand and owned as to 51.31% by the Chearavanont Shareholders
“CTCREM”	正大商業房地產管理有限公司 (Chia Tai Commercial Real Estate Management Co., Ltd.), a company established in the PRC with limited liability
“Directors”	the directors of the Company
“Eastern China Consulting Agreement”	the agreement entered into between SLS and CTCREM dated 29 June 2009 for the provision of consultancy services by CTCREM to SLS for 19 Stores operated by SLS in Eastern China on an ongoing basis

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Northern China Consulting Agreement”	the agreement entered into between Beijing Lotus and CTCREM dated 29 June 2009 for the provision of consultancy services by CTCREM to Beijing Lotus for 4 Stores operated by Beijing Lotus in Northern China on an ongoing basis
“PRC”	the People’s Republic of China excluding for this purpose, Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SLS”	上海易初蓮花連鎖超市有限公司 (Shanghai Lotus Supermarket Chain Store Co., Ltd.), a foreign invested enterprise established in the PRC and a wholly-owned subsidiary of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Stores”	hypermarket stores

By Order of the Board  
**James H. Haworth**  
*Chairman*

Hong Kong, 29 June 2009

*Note: For the purpose of this announcement, the following exchange rates have in general been used for the conversion of RMB into Hong Kong dollars for indication only:*

*RMB1.00 = HK\$1.1339*

*As at the date of this announcement, the Board comprises fifteen executive directors, namely Mr. James H. Haworth, Mr. Soopakij Chearavanont, Mr. Michael Ross, Mr. Narong Chearavanont, Mr. Tse Ping, Mr. Yang Xiaoping, Mr. Li Wen Hai, Mr. Zheng Mengyin, Mr. Umroong Sanphasitvong, Mr. Robert Ping-Hsien Ho, Mr. Meth Jiaravanont, Mr. Nopadol Chiaravanont, Mr. Chatchaval Jiaravanon, Mr. Suphachai Chearavanont and Mr. Kachorn Chiaravanont, one non-executive director, namely Mr. Leung Chun Keung and three independent non-executive directors, namely Mr. Viroj Sangsrit, Mr. Chokchai Kotikula and Mr. Cheng Yuk Wo.*