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CHIA TAI ENTERPRISES INTERNATIONAL LIMITED

正大企業國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 3839)

VOLUNTARY ANNOUNCEMENT RELOCATION COMPENSATION AGREEMENT BETWEEN ZHUMADIAN HUAZHONG AND ZHUMADIAN MUNICIPAL GOVERNMENT

This is a voluntary announcement made by Chia Tai Enterprises International Limited (the “**Company**”). The board of directors (the “**Board**”) of the Company hereby announces that in accordance with the requirements of the city’s urban development plans, on 17 November 2016, Zhumadian Huazhong Chia Tai Co., Ltd. (“**Zhumadian Huazhong**”), a subsidiary of the Company, entered into a relocation compensation agreement (the “**Relocation Compensation Agreement**”) with the People’s Government of Zhumadian City (the “**Zhumadian Municipal Government**”) in order to cooperate with the planning arrangements of the Zhumadian Municipal Government.

Pursuant to the Relocation Compensation Agreement, the Zhumadian Municipal Government will acquire from Zhumadian Huazhong a piece of land situated at No. 2019, North Leshan Avenue, Zhumadian City, Henan Province, China with an aggregate site area of approximately 132,673 sq.m., which is currently held and used by Zhumadian Huazhong for its manufacturing operations (the “**Government Acquisition**”). As a result of the Government Acquisition, Zhumadian Huazhong will relocate its production facilities to another piece of land (the “**Relocation**”), which Zhumadian Huazhong had acquired from the Zhumadian Municipal Government, at a total consideration of approximately RMB32.8 million (equivalent to approximately US\$4.8 million) (the “**New Land**”). Zhumadian Huazhong will build the new production plants and facilities (the “**New Factory**”) on the New Land to continue its manufacturing operations. Further details of the Relocation Compensation Agreement are set out below:

RELOCATION COMPENSATION AGREEMENT

(a) Date

17 November 2016

(b) Parties

1. Zhumadian Huazhong
2. Zhumadian Municipal Government

(c) **Relocation Compensation**

The Zhumadian Municipal Government will pay Zhumadian Huazhong a total relocation compensation amounting to approximately RMB211.7 million (equivalent to approximately US\$31.1 million) (the “**Relocation Compensation**”) in stages, with the last instalment payable upon the completion of construction work at the New Factory.

The Company estimates that the whole Relocation, including the construction of the New Factory, will take about two years. The funds received as a result of the Relocation Compensation are expected to be fully utilised towards the construction work and the setting up of the new production facilities at the New Factory. However, for accounting purposes, it is currently expected that, upon completion of the Relocation, the Company will record a net gain attributable to shareholders of the Company of approximately RMB80 million (equivalent to approximately US\$11.8 million) as a result of the Relocation Compensation.

As the Relocation will be carried out in phrases, interruptions to the production and operations of Zhumadian Huazhong would be kept to the minimal and the Relocation is not expected to have a material impact on the Company’s normal production and operations.

By order of the Board
Thanakorn Seriburi
Director

Hong Kong, 17 November 2016

As at the date of this announcement, the chairman and non-executive director is Mr. Soopakij Chearavanont; the executive directors are Mr. Thirayut Phityaisarakul, Mr. Thanakorn Seriburi, Mr. Nopadol Chiaravanont and Mr. Yao Minpu; the non-executive director is Mr. Yoichi Ikezoe; and the independent non-executive directors are Mr. Surasak Rounroengrom, Mr. Cheng Yuk Wo and Mr. Ko Ming Tung, Edward.