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CHIA TAI ENTERPRISES INTERNATIONAL LIMITED

正大企業國際有限公司

(Incorporated in Bermuda with members' limited liability)

(Stock Code: 3839)

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

REVISION OF THE EXISTING 2025 AND 2026 ANNUAL CAPS

The Company anticipates that the Existing 2025 and 2026 Annual Caps in relation to the 2023 Master HOEL Purchase Agreement will not be sufficient to meet the business needs and therefore proposes to increase the Existing 2025 and 2026 Annual Caps to the Proposed Revised 2025 and 2026 Annual Caps.

LISTING RULES IMPLICATIONS

As explained in the section “Listing Rules Implications” below, the Proposed Revised 2025 and 2026 Annual Caps are subject to certain compliance requirements under the Listing Rules, including approval by the Independent Shareholders of the Company.

REVISION OF THE 2025 AND 2026 ANNUAL CAPS

Reference are made to the announcement of the Company dated 14 September 2023 (the “**September 2023 Announcement**”) and the circular of the Company dated 27 October 2023 (the “**October 2023 Circular**”) in relation to, among other things, the entering into the 2023 Master HOEL Purchase Agreement with HOEL for the sale by the CTEI Group of the CTEI Products to the HOEL Group and the related annual caps for the three years ended/ending 31 December 2024, 2025 and 2026 respectively. Capitalised terms used herein shall have the same meanings as those defined in the September 2023 Announcement and the October 2023 Circular unless the context requires otherwise or where defined in this announcement.

Sales by the CTEI Group of the CTEI Products to the HOEL Group under the 2023 Master HOEL Purchase Agreement for the year ended 31 December 2024 amounted to approximately US\$160.3 million (approximately HK\$1,250.3 million) (within the annual cap for 2024), and approximately US\$77.7 million (approximately HK\$606.1 million) for the two months ended 28 February 2025. In

light of the significant increase in sales to the HOEL Group in the year of 2024 and the months of January and February 2025, the Company anticipates that the existing approved annual caps in relation to the 2023 Master HOEL Purchase Agreement for the years ending 31 December 2025 and 2026 of US\$194.3 million (approximately HK\$1,515.5 million) and US\$218.8 million (approximately HK\$1,706.6 million) respectively (the “**Existing 2025 and 2026 Annual Caps**”) will not be sufficient to meet the business needs and therefore proposes to increase the Existing 2025 and 2026 Annual Caps to the proposed revised annual caps of US\$506.1 million (approximately HK\$3,947.6 million) and US\$556.7 million (approximately HK\$4,342.3 million) for the years ending 31 December 2025 and 2026 respectively (the “**Proposed Revised 2025 and 2026 Annual Caps**”). Save for the revision of the Existing 2025 and 2026 Annual Caps, all other terms and conditions under the 2023 Master HOEL Purchase Agreement with HOEL remain unchanged.

In determining the Proposed Revised 2025 and 2026 Annual Caps referred to above, the Directors have taken the following factors into consideration:

- (1) the amount of historical sales under the 2023 Master HOEL Purchase Agreement for the financial year ended 31 December 2024 and the two months ended 28 February 2025;
- (2) the projected increase in sales of the CTEI Products to the HOEL Group for the years ending 31 December 2025 and 2026, taking into account the expected growth in business and demand from the HOEL Group. According to preliminary discussions between the HOEL Group and the CTEI Group on business development and planning, the HOEL Group intended to further expand its sourcing of the CTEI Products from the CTEI Group. In response to the aforesaid business expansion of the HOEL Group, the CTEI Group had further expanded trading of certain new animal health products (mainly vaccines, test kits, additives and other related products) with the HOEL Group since October 2024, resulting in a significant increase in actual sales of the CTEI Products to the HOEL Group for the month of October 2024 as compared to the average monthly sales of the preceding months in 2024. The CTEI Group intends to continue to broaden its animal health product offering to the HOEL Group, thereby boosting the projected sales of the CTEI Products to the HOEL Group for the upcoming years;
- (3) the prevailing market prices of the CTEI Products, taking into account prices set by competitors; and
- (4) an additional buffer of 5% above the projected sales amount of each of 2025 and 2026 to take into account any unexpected increase in the demand for and/or the selling price of the CTEI Products.

INFORMATION ON THE PARTIES

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the manufacture and/or sale of animal health products and chlortetracycline products. Additionally, the CTEI Group is also involved, through its joint venture and associated company, in the trading of machinery and the manufacture and sale of automotive parts.

HOEL is an investment holding company and is indirectly wholly-owned by CPG. The HOEL Group includes companies principally engaged in animal feed and farming businesses. The CTEI Products are used to prevent or cure animal diseases and mainly used by the HOEL Group in its animal feed and farming businesses.

CPG is a company with a diverse shareholding structure with more than 80 shareholders, the largest shareholder being a company holding approximately 12.96% of its shares and the ultimate beneficial owner of which is Mr. Sumet Jiaravanon. None of the other shareholders of CPG is interested in 10% or more of CPG's shares. The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, other than the Directors who have disclosed their shareholding interest in CPG, each of the other shareholders and the ultimate beneficial owners of CPG is independent third party of the Company.

REASONS FOR AND BENEFIT OF THE PROPOSED REVISED 2025 AND 2026 ANNUAL CAPS

The purpose of increasing the Existing 2025 and 2026 Annual Caps to the Proposed Revised 2025 and 2026 Annual Caps is to enable the CTEI Group to continue to supply the CTEI Products to the HOEL Group and thereby generate increased sales for the CTEI Group.

Of those Directors who attended the relevant board meeting of the Company, Mr. Soopakij Chearavanont, Mr. Thirayut Phityaisarakul, Mr. Thanakorn Seriburi and Mr. Nopadol Chiaravanont (collectively, the "**Interested Directors**") each had a material interest in the Proposed Revised 2025 and 2026 Annual Caps in view of their respective shareholding interest in CPG, and had therefore abstained from voting on the resolutions for approving the Proposed Revised 2025 and 2026 Annual Caps.

The Directors (excluding the Interested Directors and the independent non-executive Directors who are members of the Independent Board Committee (as defined below) and will provide their advice after having received the advice from the independent financial adviser) are of the view that the Proposed Revised 2025 and 2026 Annual Caps are on normal commercial terms and entered into in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CPF is interested in approximately 47.83% of the Shares in issue and CPG is interested in approximately 45.4% of the issued share capital of CPF. Due to CPG's near majority shareholding in CPF, the Company and CPG have agreed to treat CPG as a substantial shareholder of the Company, and accordingly CPG, CPG's subsidiaries and their respective associates are treated as connected persons of the Company within the meaning of the Listing Rules. As HOEL is an indirect wholly-owned subsidiary of CPG, transactions between the CTEI Group and the HOEL Group under the 2023 Master HOEL Purchase Agreement and the Proposed Revised 2025 and 2026 Annual Caps are treated as if they are continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at least one of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Proposed Revised 2025 and 2026 Annual Caps is more than 5%, the Proposed Revised 2025 and 2026 Annual Caps are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will convene the special general meeting to consider and, if thought fit, approve the Proposed Revised 2025 and 2026 Annual Caps. CPG, CPF and their associates will abstain from voting at the special general meeting in respect of the resolution on this matter.

An independent committee of the Board, which comprises all the independent non-executive Directors (the "**Independent Board Committee**"), has been established to consider the Proposed Revised 2025 and 2026 Annual Caps and Ballas Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the Company as to whether the Proposed Revised 2025 and 2026 Annual Caps are fair and reasonable, on normal commercial terms, entered into in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

A circular containing (i) further information regarding the Proposed Revised 2025 and 2026 Annual Caps; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders of the Company in respect of the Proposed Revised 2025 and 2026 Annual Caps and a related letter from the independent financial adviser containing the advice to the Independent Board Committee and the Independent Shareholders of the Company; and (iii) a notice convening the special general meeting is expected to be dispatched to the Shareholders on or before 9 May 2025 (which is more than 15 business days after the publication of this announcement) as additional time is required to prepare and finalise the relevant information to be included in the circular.

By order of the Board
Thanakorn Seriburi
Director

Note: For the purpose of this announcement, the exchange rate for the conversion of US\$ into HK\$ for indication only is: US\$1.0 = HK\$7.8.

Hong Kong, 27 March 2025

As at the date of this announcement, the Board comprises Mr. Soopakij Chearavanont (Chairman and Non-executive Director), Mr. Thirayut Phityaisarakul, Mr. Thanakorn Seriburi, Mr. Nopadol Chiaravanont, Mr. Chawalit Na Muangtoun (each an Executive Director), Mr. Yoichi Ikezoe (Non-executive Director), Mr. Surasak Rounroengrom, Mr. Cheng Yuk Wo, Mr. Edward Ko Ming Tung and Ms. Cheung Marn Kay (each an Independent Non-executive Director).