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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other licensed securities dealer, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in **Chia Tai Enterprises International Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 THE 2025 AND 2026 ANNUAL CAPS OF
CONTINUING CONNECTED TRANSACTIONS AND
NOTICE OF SPECIAL GENERAL MEETING****Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders****BALLAS**

C A P I T A L

A subsidiary of Crosby

A letter from the Board is set out on pages 4 to 10 of this circular. A letter from the Independent Board Committee and a letter from the Independent Financial Adviser, Ballas Capital Limited, containing its advice to the Independent Board Committee and the Independent Shareholders, are set out on pages 11 and pages 12 to 24 of this circular respectively.

A notice convening the special general meeting (“SGM”) of Chia Tai Enterprises International Limited (the “Company”) to be held at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on 10 June 2025 at 3:00 p.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same date at 2:30 p.m. is set out on pages 29 to 30 of this circular.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM (i.e. not later than 3:00 p.m. (Hong Kong time) on 8 June 2025) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

12 May 2025

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DEFINITIONS

In this circular, unless the context otherwise requires or otherwise defined, the following expressions have the following meanings:

“2023 Master HOEL Purchase Agreement”	the master agreement dated 14 September 2023 made between the Company as supplier and HOEL as purchaser for the supply by the CTEI Group of the CTEI Products to the HOEL Group with a term of three years from 1 January 2024 until 31 December 2026
“associates”	has the meaning ascribed to this term in the Listing Rules
“Ballas Capital” or “Independent Financial Adviser”	Ballas Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Revised 2025 and 2026 Annual Caps
“Board”	the board of Directors of the Company
“Company”	Chia Tai Enterprises International Limited, an exempted company incorporated in Bermuda whose Shares are listed and traded on the Main Board of the Stock Exchange under stock code 3839
“connected persons”	has the meaning ascribed to this term in the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the 2023 Master HOEL Purchase Agreement
“controlling shareholder”	has the meaning ascribed to this term in the Listing Rules
“CPF”	Charoen Pokphand Foods Public Company Limited, a company incorporated in the Kingdom of Thailand whose shares are listed and traded on the Stock Exchange of Thailand
“CPG”	Charoen Pokphand Group Company Limited, a company incorporated in the Kingdom of Thailand which has a diverse shareholding structure with more than 80 shareholders, none of which holds 10% or more of its shares other than a company holding approximately 12.96% of its shares, the ultimate beneficial owner of which is Mr. Sumet Jiaravanon
“CPP”	C.P. Pokphand Co. Ltd., an exempted company with limited liability incorporated in Bermuda
“CPP Group”	CPP and its subsidiaries from time to time

DEFINITIONS

“CTEI Group”	the Company and its subsidiaries from time to time
“CTEI Products”	various chlortetracycline products, animal drugs, animal health products and other related products produced and/or sold by the CTEI Group
“Directors”	the directors of the Company
“Existing 2025 and 2026 Annual Caps”	the existing approved annual caps in relation to the 2023 Master HOEL Purchase Agreement for the years ending 31 December 2025 and 2026
“HOEL”	High Orient Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability
“HOEL Group”	HOEL and other associates of CPG (including the CPP Group), but excluding the CTEI Group
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board, which comprises all the independent non-executive Directors, established to advise the Independent Shareholders in respect the Proposed Revised 2025 and 2026 Annual Caps
“Independent Shareholders”	Shareholders other than CPG, CPF and their respective associates
“Latest Practicable Date”	6 May 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Revised 2025 and 2026 Annual Caps”	the proposed increase in the Existing 2025 and 2026 Annual Caps to 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
“Pucheng Head of Finance”	the head of the finance department of Pucheng Chia Tai Biochemistry Co. Ltd. which, together with its subsidiaries, carries on the CTEI Group’s biochemical business

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“SGM”	a special general meeting of the Company to be held to consider and, if thought fit, approve the Proposed Revised 2025 and 2026 Annual Caps, or any adjournment thereof
“Shareholders”	holders of Shares from time to time
“Shares”	ordinary shares of US\$0.1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to this term in the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

LETTER FROM THE BOARD



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)

Chairman and Non-executive Director:

Mr. Soopakij Chearavanont

Executive Directors:

Mr. Thirayut Phityaisarakul

Mr. Thanakorn Seriburi

Mr. Nopadol Chiaravanont

Mr. Chawalit Na Muangtoun

Non-executive Director:

Mr. Yoichi Ikezoe

Independent Non-executive Directors:

Mr. Surasak Rounroengrom

Mr. Cheng Yuk Wo

Mr. Edward Ko Ming Tung

Ms. Cheung Marn Kay

Registered office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

Principal place of business in

Hong Kong:

21st Floor

Far East Finance Centre

16 Harcourt Road

Hong Kong

12 May 2025

To the Shareholders

Dear Sir or Madam,

REVISION OF THE 2025 AND 2026 ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF SPECIAL GENERAL MEETING

A. INTRODUCTION

Reference is made to the announcement of the Company dated 27 March 2025 in relation to the Proposed Revised 2025 and 2026 Annual Caps of the Continuing Connected Transactions. The transactions contemplated under the 2023 Master HOEL Purchase Agreement and the Proposed Revised 2025 and 2026 Annual Caps are treated as if they were continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are subject to Independent Shareholders' approval at the SGM.

LETTER FROM THE BOARD

Mr. Surasak Rounroengrom, Mr. Cheng Yuk Wo, Mr. Edward Ko Ming Tung and Ms. Cheung Marn Kay, being all the independent non-executive Directors, have been appointed by the Board to serve as members of the Independent Board Committee to advise and make recommendation to the Independent Shareholders as to how to vote at the SGM on the resolutions regarding the Proposed Revised 2025 and 2026 Annual Caps.

Ballas Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders 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.

The purpose of this circular is to provide you with further information regarding the Proposed Revised 2025 and 2026 Annual Caps, to set out the advice from Ballas Capital to the Independent Board Committee and the Independent Shareholders and the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Proposed Revised 2025 and 2026 Annual Caps, and to give notice of the SGM.

B. PROPOSED REVISED 2025 AND 2026 ANNUAL CAPS

References are made to the announcement and the circular of the Company dated 14 September 2023 and 27 October 2023 respectively relating to, among other things, the entering into of 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.

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 2025 and 2026 Annual Caps of US\$194.3 million (approximately HK\$1,515.5 million) for 2025 and US\$218.8 million (approximately HK\$1,706.6 million) for 2026 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 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. 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.

LETTER FROM THE BOARD

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.

C. INTERNAL CONTROL MEASURES

The internal control system already in place to ensure that the Continuing Connected Transactions would be contracted in accordance with the framework approved by the Independent Shareholders. The internal audit department of the CTEI Group will annually examine the terms and details of the Continuing Connected Transactions conducted to ensure compliance with the framework. The external auditor and independent non-executive Directors will review the Continuing Connected Transactions, also on an annual basis, following which the independent non-executive Directors will provide an annual confirmation as to whether the Continuing Connected Transactions would be conducted in accordance with the terms of the 2023 Master HOEL Purchase Agreement, on normal commercial terms, in accordance with the pricing policies and not exceeding the approved annual caps.

LETTER FROM THE BOARD

In addition to the above internal control procedures and in order to avoid approved annual caps being exceeded, the following reporting and monitoring procedures will be continued:

- (i) the Pucheng Head of Finance would collate the actual sales amounts of the relevant transactions on a monthly basis;
- (ii) on the basis of the arithmetical average of the actual sales amounts of the relevant transactions recorded for each of the previous months in the current financial year up to the end of the preceding month and the number of months remaining in the same financial year, the Pucheng Head of Finance would project the assumed amount of relevant transactions for such remaining months;
- (iii) an assessment would then be made as to whether the projected total transaction amount for the current financial year might exceed the applicable annual cap;
- (iv) on the basis of his above assessment, the Pucheng Head of Finance would further assess whether the Company would take steps to increase the annual cap, including by seeking independent shareholders' approval where required; and
- (v) in any event, the Pucheng Head of Finance would notify the sales department of the maximum room remaining available of the relevant annual cap for further sales in the remaining months of that financial year with a reminder that the transaction amounts of the sales of the CTEI Products to the HOEL Group for the rest of the financial year may not exceed that maximum.

D. 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, of which 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 interests in CPG, each of the other shareholders and the ultimate beneficial owners of CPG is independent third party of the Company.

LETTER FROM THE BOARD

E. REASONS FOR AND BENEFITS OF THE PROPOSED REVISED 2025 AND 2026 ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

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.

Although the Proposed Revised 2025 and 2026 Annual Caps are higher than the total revenue of the CTEI Group for the year ended 31 December 2024, the Directors are of the view that there is no material reliance on the HOEL Group and any change in the relationship with the HOEL Group will not have a material adverse impact on the business of the CTEI Group for the following reasons:

- (i) For the two years ended 31 December 2023 and 31 December 2024, the percentage of the CTEI Group's revenue in relation to the sales of the CTEI Products attributable to the HOEL Group amounted to approximately 31% and 52% respectively. However, it is expected that other customers of the CTEI Group will continue to contribute significant proportions of the revenue of the CTEI Group.
- (ii) As in the past, the Group continues to take steps aiming at expanding its product offerings, sourcing more business from its existing customers and expanding its customer base. For example, representatives from the sales department would approach animal farms locally and abroad with the aim of establishing new customer relationships and increasing business volume. The CTEI Group also intends to expand its new animal health product offering to its other customers, thereby increasing the percentage of sales contributed by other customers of the CTEI Group and the overall revenue of the CTEI Group. As a result, actual sales to non-HOEL Group customers increased from US\$119.3 million for the year ended 31 December 2023 to US\$147.5 million for the year ended 31 December 2024.
- (iii) Even if the revenue from the sales of the CTEI Products to the HOEL Group were to decrease, the Board believes that it would not have a material adverse impact on the CTEI Group, as the CTEI Group would be able to cushion it by focusing its resources in sourcing products for other customers.

In any event, given CPG's substantial shareholder interest in the CTEI Group through its near majority shareholding in CPF, a controlling shareholder of the Company, the Board believes that it is in the mutual interests of the HOEL Group and the CTEI Group for the HOEL Group to continue with this longstanding business relationship and accordingly such business relationship is not likely to terminate or significantly deteriorate.

LETTER FROM THE BOARD

F. LISTING RULES IMPLICATIONS

CPF is interested in approximately 47.8% of the Shares in issue and is therefore the controlling shareholder of the Company. Furthermore, approximately 45.4% of CPF's issued share capital is held by CPG. 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 (including HOEL which is its indirect wholly-owned subsidiary) and their respective associates are treated as connected persons of the Company within the meaning of the Listing Rules. Therefore, 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 is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Of those Directors who attended the related 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.

G. RECOMMENDATION

The Independent Board Committee has been established to consider the Proposed Revised 2025 and 2026 Annual Caps. Ballas Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders 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.

The Independent Board Committee, having taken into account the opinion of Ballas Capital, considers the Proposed Revised 2025 and 2026 Annual Caps to be fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole and accordingly, recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

In light of the above, the Board considers that the Proposed Revised 2025 and 2026 Annual Caps are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

LETTER FROM THE BOARD

H. SPECIAL GENERAL MEETING

The SGM will be convened at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on 10 June 2025 at 3:00 p.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same date at 2:30 p.m. A notice convening the SGM at which resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Proposed Revised 2025 and 2026 Annual Caps, details of which are set out on pages 29 to 30 of this circular. CPG, CPF and their associates will abstain from voting at the SGM or any adjournment thereof in respect of the resolution on this matter.

A proxy form for use at the SGM is also enclosed. Whether or not you are able to attend the SGM, please complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. not later than 3:00 p.m. (Hong Kong time) on 8 June 2025) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof (as the case may be) if they so wish.

I. FURTHER INFORMATION

Your attention is drawn to the letter from Ballas Capital containing its advice to the Independent Board Committee and the Independent Shareholders set out on pages 12 to 24 of this circular and the letter from the Independent Board Committee to the Independent Shareholders set out on page 11 of this circular.

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
Thanakorn Seriburi
Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

12 May 2025

To the Independent Shareholders

Dear Sir or Madam,

REVISION OF THE 2025 AND 2026 ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 12 May 2025 issued to the Shareholders (the “Circular”) of which this letter forms part. Capitalised terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

Mr. Surasak Rounroengrom, Mr. Cheng Yuk Wo, Mr. Edward Ko Ming Tung and Ms. Cheung Marn Kay as independent non-executive Directors have been appointed by the Board to advise you as to whether, in our opinion, the Proposed Revised 2025 and 2026 Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Ballas Capital has been appointed by the Company as the Independent Financial Adviser to advise us regarding the fairness and reasonableness of the Proposed Revised 2025 and 2026 Annual Caps. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such opinion, are set out on pages 12 to 24 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 4 to 10 of the Circular and the additional information set out in the appendix to the Circular.

Having taken into account the opinion of and the principal factors and reasons considered by Ballas Capital as stated in its letter of advice, we consider that the Proposed Revised 2025 and 2026 Annual Caps are (i) on normal commercial term or better, (ii) in the ordinary and usual course of business of the Company and (iii) fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and its Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolution in relation to the Proposed Revised 2025 and 2026 Annual Caps to be proposed at the SGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Surasak Rounroengrom
Independent Non-executive Director

Mr. Cheng Yuk Wo
Independent Non-executive Director

Mr. Edward Ko Ming Tung
Independent Non-executive Director

Ms. Cheung Marn Kay
Independent Non-executive Director

LETTER FROM BALLAS CAPITAL LIMITED



5/F, Capital Centre
151 Gloucester Road
Wan Chai
Hong Kong

12 May 2025

*To the Independent Board Committee and the Independent Shareholders
of Chia Tai Enterprises International Limited*

Dear Sir or Madam,

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Revised 2025 and 2026 Annual Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 12 May 2025, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 14 September 2023, the Company entered into the 2023 Master HOEL Purchase Agreement with HOEL for the sale of the CTEI Products by the CTEI Group to the HOEL Group for a term of three years commencing on 1 January 2024. Please refer 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**”) relating to the entering into of the 2023 Master HOEL Purchase Agreement with HOEL for the three years ending 31 December 2026 for further details. On 16 November 2023, the then independent shareholders of the Company approved the 2023 Master HOEL Purchase Agreement and the related annual caps for the three years ending 31 December 2026.

As set out in the Letter from the Board, 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 (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 cater for the increasing demand from the HOEL Group. 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.

LETTER FROM BALLAS CAPITAL LIMITED

As disclosed in the Letter from the Board, CPF is interested in approximately 47.8% of the Shares in issue and is therefore the controlling shareholder of the Company. Furthermore, approximately 45.4% of CPF's issued share capital is held by CPG. 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 (including HOEL which is its indirect wholly-owned subsidiary) and their respective associates are treated as connected persons of the Company within the meaning of the Listing Rules. Therefore, 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 is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise and make recommendation to the Independent Shareholders as to whether the Proposed Revised 2025 and 2026 Annual Caps are (i) on normal commercial terms or better, (ii) in the ordinary and usual course of business of the Company and (iii) fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

INDEPENDENCE DECLARATION

We are not associated or connected with the Company, HOEL or their respective core connected persons or associates. In the two years immediately preceding the Latest Practicable Date, save for the appointment as the independent financial adviser in relation to the continuing connected transaction under the 2023 Master HOEL Purchase Agreement, details of which were set out in the circular of the Company dated 27 October 2023 and this appointment as the Independent Financial Adviser in respect of the Proposed Revised 2025 and 2026 Annual Caps, we did not have any other relationship with or interests in the Company, HOEL or their respective core connected persons or associates. Accordingly, we consider we are eligible to give independent advice in respect of the Proposed Revised 2025 and 2026 Annual Caps.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Company.

LETTER FROM BALLAS CAPITAL LIMITED

The Directors have declared in a responsibility statement set out in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the SGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company and the HOEL Group or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

A. Background information of the Company and HOEL

The Company

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

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.

B. Background of the 2023 Master HOEL Purchase Agreement

On 14 September 2023, the Company entered into the 2023 Master HOEL Purchase Agreement with HOEL for the sale of the CTEI Products by the CTEI Group to the HOEL Group for a term of three years commencing on 1 January 2024. On 16 November 2023, the then independent shareholders of the Company approved the 2023 Master HOEL Purchase Agreement and the related annual caps for the three years ending 31 December 2026.

LETTER FROM BALLAS CAPITAL LIMITED

As set out in the Letter from the Board, 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. Please refer to the October 2023 Circular for details of the major terms of the 2023 Master HOEL Purchase Agreement.

C. Reasons for and benefits of the Proposed Revised 2025 and 2026 Annual Caps

As set out in the Letter from the Board, 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.

According to the results announcement of the Company for the year ended 31 December 2024, the CTEI Group has two operating segments, being (i) the biochemical segment which is mainly engaged in the manufacture and sale of chlortetracycline and animal health products (which includes, among others, the CTEI Products); and (ii) the industrial segment which is mainly engaged in trading of machinery and the manufacture and sale of automotive parts, through its joint venture and associate. For each of the years ended 31 December 2022, 2023 and 2024, the CTEI Group generated all of its revenue from the biochemical segment. As discussed with the management of the Company, the CTEI Group has been expanding its trading business and supplying a wider variety of products, including animal health products and other related products, to its customers since 2020. In particular, the revenue of the biochemical segment of the CTEI Group has increased from approximately US\$93.6 million in the year ended 31 December 2020 to approximately US\$307.7 million in the year ended 31 December 2024 (“FY2024”), representing an increase of approximately 229% in four years’ time. We understand that the HOEL Group has been a long time customer for the CTEI Group’s sale of the CTEI Products.

Taking into account the fact that (i) the nature of the 2023 Master HOEL Purchase falls within the scope of the biochemical business of the CTEI Group; and (ii) the revision of annual caps under the 2023 Master HOEL Purchase Agreements will enable the CTEI Group to continue to supply the CTEI Products to the HOEL Group and thereby increasing its sales, we consider the Proposed Revised 2025 and 2026 Annual Caps are within the ordinary and usual course of business of the CTEI Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM BALLAS CAPITAL LIMITED

D. The Proposed Revised 2025 and 2026 Annual Caps

Historical transaction amounts of the supply of the CTEI Products to the HOEL Group

The table below sets out the historical transaction amounts of the supply of the CTEI Products by the CTEI Group to the HOEL Group under the master purchase agreements dated 30 July 2020 between the Company and HOEL and CPP (the “**2020 Master Purchase Agreements**”), respectively, and the 2023 Master HOEL Purchase Agreement for the two years ended 31 December 2024 and the two months ended 28 February 2025.

	For the year ended		For the
	31 December		two months
	2023	2024	ended
	<i>US\$ million</i>	<i>US\$ million</i>	28 February
			2025
			<i>US\$ million</i>
Sales of the CTEI Products under the 2020 Master Purchase Agreements (<i>Note 1</i>)/the 2023 Master HOEL Purchase Agreement	54.7	160.3	77.7
Annual caps approved under the 2020 Master Purchase Agreements (<i>Note 1</i>)/the 2023 Master HOEL Purchase Agreement	91.8	162.9	194.3
			<i>(Note 2)</i>
Utilisation	59.6%	98.4%	N/A
			<i>(Note 2)</i>

Notes:

1. Prior to 2023, the Company maintained separate annual caps for continuing connected transactions with the CPP Group as CPP was a listed company on the main board of the Stock Exchange. Following the privatisation of CPP in January 2022 and upon expiry of the master purchase agreement between the Company and CPP in 2023, the continuing connected transactions with the CPP Group has been incorporated under the 2023 Master HOEL Purchase Agreement.
2. Represents the existing approved annual cap for the year ending 31 December 2025. Utilisation rate of the Existing 2025 Annual Cap is not applicable given that the historical transaction amount was only for the two months ended 28 February 2025.

LETTER FROM BALLAS CAPITAL LIMITED

Proposed Revised 2025 and 2026 Annual Caps

The table below sets out the existing approved annual caps under the 2023 Master HOEL Purchase Agreement for the three years ended/ending 31 December 2024, 2025 and 2026 and the Proposed Revised 2025 and 2026 Annual Caps for the two years ending 31 December 2025 (“FY2025”) and 2026 (“FY2026”):

	Annual caps for the year ended/ending 31 December		
	2024	2025	2026
	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>
Existing approved annual caps	162.9	194.3	218.8
Proposed Revised 2025 and 2026 Annual Caps	N/A	506.1	556.7

As stated in the Letter from the Board, the Proposed Revised 2025 and 2026 Annual Caps have been determined with reference to:

- (i) the amount of historical sales under the 2023 Master HOEL Purchase Agreement for FY2024 and the two months ended 28 February 2025;
- (ii) the projected increase in sales of the CTEI Products to the HOEL Group for FY2025 and FY2026, 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;
- (iii) the prevailing market prices of the CTEI Products, taking into account prices set by competitors; and
- (iv) 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.

LETTER FROM BALLAS CAPITAL LIMITED

Our work done

In assessing the fairness and reasonableness of the Proposed Revised 2025 and 2026 Annual Caps, we have reviewed and discussed with management of the Company on the underlying calculation, including the basis and assumptions, in formulating the same.

Assessment of the reasonableness of the Proposed Revised 2025 and 2026 Annual Caps

(a) The revised annual cap for FY2025 (the “**2025 Annual Cap**”)

We noted that the 2025 Annual Cap represented a significant increase of approximately US\$345.8 million, representing an increase of approximately 216%, from the historical sales amount for FY2024. The significant increase of the 2025 Annual Cap was mainly attributable to the trading of certain new animal health products, mainly including vaccines, test kits, additives and other related products (the “**Added Products**”) by the CTEI Group (which may also be supplied to the HOEL Group) starting from August 2023 and the further expansion of the trading of such Added Products since October 2024. The Added Products contributed approximately US\$73.8 million, representing approximately 46%, to the historical sales amount for FY2024. The annual cap for supply of the Added Products to the HOEL for FY2025 is forecasted to be approximately US\$374.4 million, accounting for approximately 78% of the 2025 Annual Cap.

We have reviewed the underlying calculation and understand from the management that the expected increase was projected after taking into account (i) the historical scale of operations with an assumed growth rate of 10% for FY2025; and (ii) the increasing proportion of the CTEI Products to be supplied by the CTEI Group to the HOEL Group for FY2025 due to the expected growth in business and rising demand by the HOEL Group based on their preliminary discussions on business development and planning between the HOEL Group and the CTEI Group regarding the sales and supply of respective products. We noted that the assumed annual growth rate of 10% is comparable to the historical compound annual growth rate of the scale of operations of the HOEL Group from 2019 to 2023. In relation to the increasing proportion of the CTEI Products to be supplied by the CTEI Group to the HOEL Group, we have obtained from the Company and reviewed the historical sales amount of the CTEI Products by the HOEL Group for the two years ended 31 December 2024. We noted that the sales of the CTEI Products supplied by the CTEI Group to the HOEL Group as a percentage of the HOEL Group’s total purchase of the chlortetracycline products, animal health products and other related products had increased from approximately 10% for the year ended 31 December 2023 to approximately 29% for FY2024.

LETTER FROM BALLAS CAPITAL LIMITED

To ascertain whether the increase in the 2025 Annual Cap is fair and reasonable, we have obtained and reviewed the monthly transaction amount of the Continuing Connected Transactions between the CTEI Group and the HOEL Group in 2024 and up to February 2025. From our review, we noted that (i) the average monthly sales value of the CTEI Products for the period from October 2024 to February 2025 increased by more than 300% when compared to the average monthly sales value for the preceding months during FY2024; and (ii) the annualised transaction amount for the CTEI Products from the CTEI Group to the HOEL Group for the two months ended 28 February 2025 amounted to approximately US\$466.3 million, accounting for over 92% of the 2025 Annual Cap. Based on the data provided by the Company, we also noted that there was an upward trend on the historical annual sales value of the CTEI Products to the HOEL Group, with an increase of approximately 50% from 2022 to 2023 and approximately 193% from 2023 to 2024.

We were advised by the management that the Company applied a buffer of 5% to arrive at the 2025 Annual Cap for unforeseeable circumstances such as unexpected increase in the demand for and/or the selling price of the CTEI Products.

Having considered the above, in particular (i) the increasing proportion of the CTEI Products to be supplied by the CTEI Group to the HOEL Group for FY2025 based on the preliminary discussions on business development and planning between the HOEL Group and the CTEI Group; (ii) the annualised transaction amount of the Continuing Connected Transactions for the two months ended 28 February 2025 significantly exceeds the existing approved annual cap for FY2025; (iii) the annualised transaction amount for the CTEI Products from the CTEI Group to the HOEL Group for the two months ended 28 February 2025 amounts to approximately US\$466.3 million, accounting for over 92% of the 2025 Annual Cap; and (iv) the actual transaction amount of the Continuing Connected Transactions has been increasing significantly since 2022, we consider the 2025 Annual Cap is fair and reasonable.

- (b) The revised annual cap for FY2026 (the “**2026 Annual Cap**”)

We noted that the 2026 Annual Cap represented an increase of approximately 10% over the 2025 Annual Cap. Such increase is based on the management’s expected annual business growth which we consider to be reasonable for the purpose of determining the annual cap given that the CTEI Group recorded a compound annual revenue growth of approximately 35% over the past five years.

LETTER FROM BALLAS CAPITAL LIMITED

As stated in the Letter from the Board, although the Proposed Revised 2025 and 2026 Annual Caps are higher than the total revenue of the CTEI Group for FY2024, the Directors are of the view that there is no material reliance on the HOEL Group and any change in the relationship with the HOEL Group will not have a material adverse impact on the business of the CTEI Group based on the reasons set out in the Letter from the Board. Specifically, we noted from the Letter from the Board, (i) sales to HOEL Group accounted for approximately 50% of the revenue for FY2024; (ii) the Company's effort in expanding its business to non-HOEL Group customers, which increased from US\$119.3 million for the year ended 31 December 2023 to US\$147.5 million for FY2024, representing an increase of approximately 24%; (iii) sales to non-HOEL Group customers for FY2024 amounted to US\$147.5 million, which is a significant amount; and (iv) it is the mutual interests to both the CTEI Group and the HOEL Group in continuing the longstanding business relationship due to the substantial shareholding interest of CPF in the Company. Based on these points, we consider it is reasonable for the Board to believe that (i) the business relationship with the HOEL Group is not likely to terminate or significantly deteriorate; and (ii) even if the sales to HOEL Group decrease, the CTEI Group would be able to cushion it by focusing its resources in expanding business with other customers.

Our view

Based on the factors and reasons explained above and our review of the underlying calculations from the Company, we concur with the view of the management of the Company that the Proposed Revised 2025 and 2026 Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. However, as the Proposed Revised 2025 and 2026 Annual Caps relate to future events and are based upon assumptions that may or may not remain valid for the whole period up to 31 December 2026, we express no opinion as to how closely the supply of the Continuing Connected Transactions contemplated under the 2023 Master HOEL Purchase Agreement shall correspond to the Proposed Revised 2025 and 2026 Annual Caps.

LETTER FROM BALLAS CAPITAL LIMITED

E. Work done on internal control measures

To govern the transactions contemplated under the 2023 Master HOEL Purchase Agreement, the Company has in place internal control measures which include:

- (i) pricing of the CTEI Products is determined based on a price list maintained by the CTEI Group which applies to all customers including independent third party customers as well as the HOEL Group. Requests from sales personnel to deviate from the price list in relation to a specific order should comply with internal approval procedures before such order may be confirmed with the relevant customers (whether independent third party customers or the HOEL Group), and discounts should be approved by the head of the Company's biochemical business. Discounts offered to the HOEL Group shall be no higher than those offered to the independent third party customers for orders of similar type and quantity of the CTEI Products. Hence, the CTEI Group will be able to ensure that the pricing terms will be no more favourable to the HOEL Group than those offered to independent third party customers; and

- (ii) the CTEI Group has measures in place to ensure that the annual transaction amounts under the 2023 Master HOEL Purchase Agreement will not exceed the proposed annual caps of respective years. Such measures include (a) the Pucheng Head of Finance would collate the actual sales amounts of the relevant transactions on a monthly basis; on the basis of the arithmetical average of the actual sales amounts of the relevant transactions recorded for each of the previous months in the current financial year up to the end of the preceding month and the number of months remaining in the same financial year, the Pucheng Head of Finance would project the assumed amount of relevant transactions for such remaining months; an assessment would then be made as to whether the projected total transaction amount for the current financial year might exceed the applicable annual cap; on the basis of his above assessment, the Pucheng Head of Finance would further assess whether the Company would take steps to increase the annual cap, including by seeking independent shareholders' approval where required; and in any event, the Pucheng Head of Finance would notify the sales department of the maximum room remaining available of the relevant annual cap for further sales in the remaining months of that financial year with a reminder that the transaction amounts of the sales of the CTEI Products to the HOEL Group for the rest of the financial year may not exceed that maximum; (b) the internal audit department of the CTEI Group will annually examine the terms and details of the Continuing Connected Transactions conducted to ensure compliance with the framework; and (c) the external auditor and independent non-executive Directors will review the Continuing Connected Transactions, also on an annual basis, following which the independent non-executive Directors will provide an annual confirmation as to whether the Continuing Connected Transactions would be conducted in accordance with the terms of the 2023 Master HOEL Purchase Agreement, on normal commercial terms, in accordance with the pricing policies and not exceeding the approved annual caps.

LETTER FROM BALLAS CAPITAL LIMITED

We have obtained from the Company and reviewed the transaction documents, including the full customer transaction lists for the year ended 31 December 2023 and FY2024 (the “**Review Period**”), the historical price lists of the CTEI Products and the relevant transaction contracts and invoices of nine randomly selected samples relating to the historical transactions of the CTEI Group for the sale of the CTEI Products to the HOEL Group (the “**HOEL Group Selected Samples**”). We have also obtained the transaction document for the sale of the CTEI Products to the independent third party customers in the same month and same product corresponding to the each of the HOEL Group Selected Samples. Based on our review, we noted that the prices charged by the CTEI Group to the HOEL Group and to its independent third party customers were both in line with the price lists at the material time and the terms offered by the CTEI Group to the HOEL Group, were generally in line and were no more favourable than those offered by the CTEI Group to its independent third party customers. Given that (i) the Review Period covered the entire historical term of 2023 Master HOEL Purchase Agreement; (ii) the selected samples covered various types of products under the 2023 Master HOEL Purchase Agreement; and (iii) the purpose of our review of samples is to be satisfied that there are price lists that have been adopted consistently on both the HOEL Group and the independent third party customers throughout the Review Period, and hence the internal control procedure of the CTEI Group can be implemented, we consider that the selected samples are sufficient and representative for our due diligence purpose.

Therefore, given the above, we consider that the Company has sufficient and effective internal control measures in place to ensure that (i) the proposed annual caps of the 2023 Master HOEL Purchase Agreement will not be exceeded (or if it is expected to be exceeded, the Company will consider measures to be taken in a timely manner, which include notifying the sales department of the maximum room remaining available of the relevant annual cap for further sales in the remaining months of that financial year or re-complying with disclosure and independent shareholders’ approval requirements under the Listing Rules); and (ii) the pricing of the CTEI Products will be determined on normal commercial terms and no more favourable to the HOEL Group than those offered to independent third party customers (through (a) applying the same price list maintained by the CTEI Group to all customers including independent third party customers as well as the HOEL Group, and (b) adopting internal approval procedures for any discount offering to any customer and when there is any request to deviate from the price list).

F. Requirements by the Listing Rules regarding the Continuing Connected Transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts that they have been entered into:
 - in the ordinary and usual course of business of the CTEI Group;
 - on normal commercial terms or better; and
 - according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole;

LETTER FROM BALLAS CAPITAL LIMITED

- (b) each year the auditors of the Company must report on the Continuing Connected Transactions and provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that that the Continuing Connected Transactions:
- have not been approved by the Board;
 - were not, in all material respects, in accordance with the pricing policies of the CTEI Group if the Continuing Connected Transactions involve the provision of goods or services by the CTEI Group;
 - were not entered into, in all material respects, in accordance with the terms of the relevant agreement(s) governing the Continuing Connected Transactions; and
 - have exceeded the Proposed Revised 2025 and 2026 Annual Caps.
- (c) the Company must allow, and ensure that the relevant counterparties to the Continuing Connected Transactions allow, the Company's auditors sufficient access to their records for the purpose of reporting on the Continuing Connected Transactions; and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (a) and/or (b) above, respectively.

As set out in the Letter from the Board, the Company will continue to adhere to the internal control policies in place to ensure the Continuing Connected Transactions are conducted in accordance with the terms of the 2023 Master HOEL Purchase Agreement, on normal commercial terms, in accordance with the pricing policies and not exceeding the Proposed Revised 2025 and 2026 Annual Caps.

In light of the reporting requirements relating to the Continuing Connected Transactions, in particular, (i) the restriction of transaction value by way of the Proposed Revised 2025 and 2026 Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company on the terms of the Continuing Connected Transactions and the Proposed Revised 2025 and 2026 Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Company and the Shareholders as a whole.

LETTER FROM BALLAS CAPITAL LIMITED

RECOMMENDATION

Having considered the aforesaid principal factors and reasons referred to above, we are of the opinion that Proposed Revised 2025 and 2026 Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Proposed Revised 2025 and 2026 Annual Caps.

Yours faithfully,
For and on behalf of
Ballas Capital Limited

Heidi Cheng
Managing Director

Michelle Tse
Director

Note: Ms. Heidi Cheng has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2003, and Ms. Michelle Tse has been a licensed representative of Type 6 (advising on corporate finance) regulated activities from 2010 to 2015 and since 2019.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the CTEI Group. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS', CHIEF EXECUTIVE'S AND SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

Directors' interests in shares of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he/she is taken or deemed to have under such provisions of the SFO), recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Director	Capacity	Number of ordinary shares held <i>(Note)</i>	Approximate percentage of the issued ordinary share capital of the Company
Mr. Thirayut Phityaisarakul	Beneficial owner	410,000 (L)	0.17%
Mr. Thanakorn Seriburi	Beneficial owner	625,848 (L)	0.26%

Note: The letter "L" denotes a long position.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he is taken or deemed to have under such provisions of the SFO), recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial shareholders' interests in shares of the Company

So far as it is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being a director or chief executive of the Company) had the following interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Notes	Capacity	Number of shares and underlying shares held (Note 1)	Approximate percentage of the issued ordinary share capital of the Company (Note 1)
Charoen Pokphand Group Company Limited	(2)	Interest of controlled corporation	127,748,147 (L)	53.07 (L)
Charoen Pokphand Foods Public Company Limited	(2)	Beneficial owner and interest of controlled corporation	127,748,147 (L)	53.07 (L)
CPF Investment Limited	(2)	Beneficial owner	115,137,370 (L)	47.83 (L)
ITOCHU Corporation		Beneficial owner	60,179,593 (L)	25.00 (L)

Notes:

- (1) The letter "L" denotes a long position.
- (2) Charoen Pokphand Foods Public Company Limited ("CPF") held 127,748,147 shares and underlying shares of the Company, which included (i) 115,137,370 ordinary shares beneficially owned by CPF's wholly-owned subsidiary, CPF Investment Limited and (ii) 12,610,777 convertible preference shares beneficially owned by CPF. Charoen Pokphand Group Company Limited also declared interest in these shares by virtue of its shareholding interest in CPF.

As at the Latest Practicable Date, save for the fact that each of Mr. Soopakij Chearavanont, Mr. Thirayut Phityaisarakul, Mr. Thanakorn Seriburi and Mr. Nopadol Chiaravanont is a shareholder of CPG; and Mr. Yoichi Ikezoe is an advisor of ITOCHU Hong Kong Limited, which is a company of ITOCHU Corporation, a substantial shareholder of the Company, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares in the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of the Directors or his associates had interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the CTEI Group which falls to be disclosed under the Listing Rules.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contracts with the Company or any other member of the CTEI Group which is not expiring or not determinable by the CTEI Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

The Directors confirm that there has not been any material adverse change in the financial or trading positions of the CTEI Group since 31 December 2024 (the date to which the latest published audited consolidated accounts of the CTEI Group were made up).

6. INTERESTS IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or the expert referred to in paragraph 7 “Qualification and Consent of Expert” below has any direct or indirect interest in any assets of material importance to the Company which have been acquired or disposed of by or leased to or which are proposed to be acquired or disposed of by or leased to any member of the CTEI Group since 31 December 2024, the date to which the latest published audited consolidated financial statements of the CTEI Group were made up.

None of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the CTEI Group taken as a whole.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the inclusion in expert who has given its opinion or advice for this circular:

Name	Qualification	Nature of opinion or advice	Date of opinion
Ballas Capital	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO	Letter to the Independent Board Committee and the Independent Shareholders	12 May 2025

Ballas Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Ballas Capital did not have any shareholding in the Company or any other member of the CTEI Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the CTEI Group.

As at the Latest Practicable Date, Ballas Capital did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to or which are proposed to be acquired or disposed of by or leased to any member of the CTEI Group since 31 December 2024, the date to which the latest published audited consolidated financial statements of the CTEI Group were made up.

8. MISCELLANEOUS

- (a) The Company's registered office is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and its principal place of business is at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (b) The Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The Company Secretary of the Company is Mr. Lau Wing Yuen who is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ctei.com.hk) for display from the date of this circular up to and including the date of the SGM:

- (a) the letter from the Independent Board Committee, the text of which is set out on page 11 of this circular;
- (b) the letter from Ballas Capital, the text of which is set out on pages 12 to 24 of this circular;
- (c) the written consent from Ballas Capital referred to in the paragraph headed "Qualification and Consent of Expert" in this appendix;
- (d) the 2023 Master HOEL Purchase Agreement; and
- (e) this circular.

NOTICE OF SPECIAL GENERAL MEETING



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“SGM”) of Chia Tai Enterprises International Limited (the “Company”) will be held at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on 10 June 2025 at 3:00 p.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same date at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

“**THAT:**

the proposed revised annual caps of US\$506.1 million and US\$556.7 million, being the maximum aggregate annual value for the transactions contemplated under the 2023 Master HOEL Purchase Agreement (as defined in the circular of the Company dated 12 May 2025) for the years ending 31 December 2025 and 2026 respectively (in replacement of the previous annual caps for such transaction approved in the special general meeting of the Company held on 16 November 2023) be and are hereby approved and confirmed.”

By order of the Board
Thanakorn Seriburi
Director

Hong Kong, 12 May 2025

As at the date of this notice, the Board comprises Mr. Soopakij Chearavanont (Chairman and Non-executive Director), Mr. Thirayut Phityaisarakul, Mr. Thanakorn Seriburi, Mr. Nopadol Chiaravanont and 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).

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Notes:

1. A proxy form for use at the SGM is being dispatched to the shareholders of the Company together with a copy of this notice.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any shareholder entitled to attend and vote at the SGM convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder of the Company.
4. To ascertain shareholders' eligibility to attend and vote at the SGM, the register of members holding ordinary shares of the Company will be closed from 5 June 2025 to 10 June 2025, both days inclusive, during which period no transfer of ordinary shares of the Company will be registered. In order to qualify to attend and vote at the SGM, all transfer forms for ordinary shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration before 4:30 p.m. on 4 June 2025.
5. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited with the Company's Registrar in Hong Kong at Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM (i.e. not later than 3:00 p.m. (Hong Kong time) on 8 June 2025) or any adjournment thereof (as the case may be).
6. Completion and deposit of the proxy form will not preclude a shareholder of the Company from attending and voting in person at the SGM convened by the above notice or any adjournment thereof (as the case may be) and in such event, the proxy form will be deemed to be revoked.
7. Where there are joint holders of any share of the Company, any one of such joint holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the SGM, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
8. Pursuant to Rule 13.39(4) of the Listing Rules, all the resolutions put to vote at the SGM will be taken by way of a poll.