

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.

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.

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.

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.

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 31 December		For the two months ended
	2023	2024	2025
	US\$ million	US\$ million	US\$ million
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.

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.

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.

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.

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.

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.

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;

- (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 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.

RECOMMENDATION

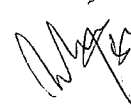
Having considered the aforesaid principal factors and reasons referred to above, we are of the opinion that Proposed Revised 2025 and 2026 Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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.