
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 limited liability)*

(Stock Code: 3839)

**CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF SPECIAL GENERAL MEETING****Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders****Mizuho Securities Asia Limited**

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee and a letter from the Independent Financial Adviser, Mizuho Securities Asia Limited, containing its advice to the Independent Board Committee and the Independent Shareholders, are set out on page 15 and pages 16 to 30 of this circular respectively.

A notice convening the special general meeting of Chia Tai Enterprises International Limited to be held at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on 8 December 2017 at 11:30 a.m., is set out on pages 35 to 37 of this circular.

Whether or not you are able to attend the said meeting, 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 said meeting (i.e. not later than 11:30 a.m. (Hong Kong time) on 6 December 2017) 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 said meeting or any adjournment thereof should you so wish.

21 November 2017

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DEFINITIONS

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

| | |
|---------------------------------------|---|
| “2015 CPP Master Purchase Agreement” | the master agreement dated 16 April 2015 made between the Company as supplier and CPP as purchaser for the supply of the CTEI Products |
| “2015 HOEL Master Purchase Agreement” | the master agreement dated 16 April 2015 made between the Company as supplier and HOEL as purchaser for the supply of the CTEI Products |
| “2017 CPP Master Purchase Agreement” | the master agreement dated 30 October 2017 made between the Company as supplier and CPP as purchaser for the supply of the CTEI Products produced by the CTEI Group and which may be required by the CPP Group and the CTEI Group may be able to supply from time to time with a term of three years until 31 December 2020 |
| “2017 HOEL Master Purchase Agreement” | the master agreement dated 30 October 2017 made between the Company as supplier and HOEL as purchaser for the supply of the CTEI Products produced by the CTEI Group and which may be required by the HOEL Group and the CTEI Group may be able to supply from time to time with a term of three years until 31 December 2020 |
| “associates” | has the meaning ascribed to this term in the Listing Rules |
| “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 continuing connected transactions contemplated under the 2017 CPP Master Purchase Agreement and the 2017 HOEL Master Purchase Agreement |
| “controlling shareholder” | has the meaning ascribed to this term in the Listing Rules |
| “CPF” | Charoen Pokphand Foods Public Company Limited, a company organised and existing under the laws of the Kingdom of Thailand whose shares are listed and traded on the Stock Exchange of Thailand |
| “CPG” | Charoen Pokphand Group Company Limited, a company organised and existing under the laws of the Kingdom of Thailand |
| “CPP” | C.P. Pokphand Co. Ltd., an exempted company incorporated in Bermuda whose ordinary shares are listed and traded on the Main Board of the Stock Exchange under stock code 43 |

DEFINITIONS

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| “CPP Group” | CPP and its subsidiaries from time to time |
| “CTEI Group” | the Company and its subsidiaries from time to time |
| “CTEI Products” | various chlortetracycline products and such animal drugs (including any antibiotics) to be supplied by the CTEI Group to the CPP Group and the HOEL Group under the 2017 CPP Master Purchase Agreement and the 2017 HOEL Master Purchase Agreement, respectively |
| “Directors” | the directors of the Company |
| “HOEL” | High Orient Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability |
| “HOEL Group” | HOEL and its associates, but excluding the CPP Group |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Independent Board Committee” | the independent committee of the Board comprising the Company’s independent non-executive Directors, Mr. Surasak Rounroengrom, Mr. Cheng Yuk Wo and Mr. Ko Ming Tung, Edward, which has been established to advise the Independent Shareholders in respect of the Continuing Connected Transactions |
| “Independent Shareholders” | Shareholders other than CPG, CPF and their associates |
| “ITOCHU” | ITOCHU Corporation, a company organised and existing under the laws of Japan whose shares are listed on the Tokyo Stock Exchange |
| “Latest Practicable Date” | 17 November 2017, 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 |
| “Mizuho Securities” or “Independent Financial Adviser” | Mizuho Securities Asia Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective annual caps) |

DEFINITIONS

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| “PRC” | the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “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, among other things, the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the proposed 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\$7.75.

LETTER FROM THE BOARD



CHIA TAI ENTERPRISES INTERNATIONAL LIMITED

正大企業國際有限公司

(Incorporated in Bermuda with 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. Yao Minpu

Non-executive Director:

Mr. Yoichi Ikezoe

Independent Non-executive Directors:

Mr. Surasak Rounroengrom

Mr. Cheng Yuk Wo

Mr. Ko Ming Tung, Edward

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal place of business in

Hong Kong:

21st Floor
Far East Finance Centre
16 Harcourt Road
Hong Kong

21 November 2017

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF SPECIAL GENERAL MEETING

A. INTRODUCTION

Reference is made to the announcement of the Company dated 30 October 2017 in relation to the 2017 CPP Master Purchase Agreement and the 2017 HOEL Master Purchase Agreement entered into by the Company with CPP and HOEL, respectively. The transactions contemplated under the 2017 CPP Master Purchase Agreement constitute continuing connected transactions of the Company and the transactions contemplated under the 2017 HOEL Master Purchase Agreement 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 and Mr. Ko Ming Tung, Edward, being all the independent non-executive Directors of the Company, 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 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective annual caps).

Mizuho Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective annual caps) are fair and reasonable and 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.

The purpose of this circular is to provide you with, among other things, further information regarding the Continuing Connected Transactions (including the proposed annual caps), to set out the advice from Mizuho Securities 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 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective annual caps), and to give notice of the SGM.

B. CONTINUING CONNECTED TRANSACTIONS

Reference is made to the non-exempt continuing connected transactions disclosed in the section headed “Connected Transactions” in the listing document of the Company dated 17 June 2015 in relation to, among other things, the 2015 CPP Master Purchase Agreement and the 2015 HOEL Master Purchase Agreement. As the 2015 CPP Master Purchase Agreement and the 2015 HOEL Master Purchase Agreement will expire on 31 December 2017 and the Company intends to continue the transactions contemplated thereunder, on 30 October 2017, the Company entered into the 2017 CPP Master Purchase Agreement and the 2017 HOEL Master Purchase Agreement with CPP and HOEL respectively.

1. 2017 CPP MASTER PURCHASE AGREEMENT

(a) Date

30 October 2017

(b) Parties

(i) The Company (as supplier)

(ii) CPP (as purchaser)

LETTER FROM THE BOARD

(c) Subject matter

Supply to the CPP Group of the CTEI Products which may be required by the CPP Group.

(d) Pricing policy

As a general principle, the price of the CTEI Products to be supplied to the CPP Group from time to time shall be determined through good faith negotiation between the CPP Group and the CTEI Group by reference to a price list for the CTEI Products maintained by the CTEI Group. The price list, shall be used to determine the prices of the CTEI Products to be supplied to all customers, including the CPP Group and to independent third party customers.

Prices of the different categories of CTEI Products set out in the price list are determined with reference to the cost of raw materials, other value added (for example, manufacturing and marketing), and what the CTEI Group judges to be appropriate profit margins for the particular categories taking into account the prevailing market demand for the different categories of CTEI Products and the prevailing prices offered by other suppliers for equivalent products corresponding to the respective categories of CTEI Products. The price list of CTEI Products maintained by the CTEI Group applies to all customers, including independent third party customers as well as the CPP Group and the HOEL Group. The price list for the CTEI Products is approved by management of the CTEI Group through internal review meetings to determine the price list and is generally reviewed on a quarterly basis. The factors and procedures for determining the prices for the CTEI Products described above are the same as the factors and procedures used for determining the prices of the CTEI Products to be supplied to independent third party customers. The above mentioned processes ensure that the price for any CTEI Products to be sold shall be no more favourable to the CPP Group than those provided by the CTEI Group to independent third party customers.

(e) Payment terms

The CTEI Group will generally offer credit terms of 60 days from delivery to customers, or other credit terms generally available in the market from time to time. Payment shall be made by telegraphic transfer or other payment methods generally acceptable in the market. The payment terms for the CPP Group shall be the same as the payment terms for independent third parties. Interest shall be charged by the CTEI Group for any overdue payment until such overdue payment is settled in full.

(f) Term

Subject to the approval of the Independent Shareholders, the 2017 CPP Master Purchase Agreement shall take effect from 1 January 2018 and continue until 31 December 2020.

LETTER FROM THE BOARD

(g) Historical amount of supply

The historical amount received by the CTEI Group under the 2015 CPP Master Purchase Agreement for the period from the date of listing of the Company on 3 July 2015 to 31 December 2015, the financial year ended 31 December 2016 and the eight months ended 31 August 2017 were US\$4.7 million (approximately HK\$36.4 million), US\$9.6 million (approximately HK\$74.4 million) and US\$1.4 million (approximately HK\$10.9 million) respectively.

(h) Historical annual caps

The historical annual caps under the 2015 CPP Master Purchase Agreement for the period from the date of listing of the Company on 3 July 2015 to 31 December 2015 (the pro-rated portion of the amount for the financial year ended 31 December 2015), the financial years ended 31 December 2016 and 2017 were US\$6.0 million (approximately HK\$46.5 million), US\$13.2 million (approximately HK\$102.3 million) and US\$14.5 million (approximately HK\$112.4 million) respectively.

(i) Annual caps

The annual caps for the supply of the CTEI Products by the CTEI Group to the CPP Group under the 2017 CPP Master Purchase Agreement for the financial years ending 31 December 2018, 2019 and 2020 respectively are proposed to be US\$3.7 million (approximately HK\$28.7 million), US\$4.1 million (approximately HK\$31.8 million) and US\$4.4 million (approximately HK\$34.1 million).

The above annual caps have been determined with reference to:

- (i) the value of the historical sales under the 2015 CPP Master Purchase Agreement by the CTEI Group for the period from 3 July 2015 to 31 December 2015, the financial year ended 31 December 2016 and the eight months ended 31 August 2017;
- (ii) the prevailing market prices of the CTEI Products, taking into account the prices set by competitors and allowances for possible price fluctuations. In determining the proposed annual caps, the CTEI Group expects the average selling price of the CTEI Products for the three financial years ending 31 December 2020 to remain relatively stable;

LETTER FROM THE BOARD

- (iii) the projected increase in the sales volume of the CTEI Products for 2018. Although sales of the CTEI Products to the CPP Group increased to US\$9.6 million for the year ended 31 December 2016, due to a change in the government policy restricting the use of one of the CTEI Products in a country where a CPP subsidiary operates, the sales of this type of CTEI Product dropped significantly in the eight months ended 31 August 2017. As a result, the overall sales of the CTEI Products to the CPP Group decreased to US\$1.4 million for the eight months ended 31 August 2017. However, the CTEI Group intends to introduce another type of CTEI Product (the “**New CTEI Product**”), which is not subject to this usage restriction, to the market in this country starting from the first quarter of 2018. Based on the annualised sales of the CTEI Products for the eight months ended 31 August 2017 and the introduction of the New CTEI Product, the overall sales of the CTEI Products to the CPP Group for 2018 are expected to increase compared to that of 2017; and
- (iv) a 10% annual increase compared to the expected sales in 2018 as a buffer for unexpected increase in the demand for, or the selling price of, the CTEI Products. Several factors have been taken into consideration, such as the uncertainties surrounding the estimations of the demand of the CTEI Products by the CPP Group, the historical fluctuations in the volume of sales of CTEI Products to the CPP Group and the historical price fluctuations of chlortetracycline products.

2. 2017 HOEL MASTER PURCHASE AGREEMENT

(a) **Date**

30 October 2017

(b) **Parties**

(i) The Company (as supplier)

(ii) HOEL (as purchaser)

(c) **Subject matter**

Supply to the HOEL Group of the CTEI Products which may be required by the HOEL Group.

LETTER FROM THE BOARD

(d) Pricing policy

As a general principle, the price of the CTEI Products to be supplied to the HOEL Group from time to time shall be determined through good faith negotiation between the HOEL Group and the CTEI Group by reference to a price list for the CTEI Products maintained by the CTEI Group. The price list, shall be used to determine the prices of the CTEI Products to be supplied to all customers, including the HOEL Group and to independent third party customers.

Prices of the different categories of CTEI Products set out in the price list are determined with reference to the cost of raw materials, other value added (for example, manufacturing and marketing), and what the CTEI Group judges to be appropriate profit margins for the particular categories taking into account the prevailing market demand for the different categories of CTEI Products and the prevailing prices offered by other suppliers for equivalent products corresponding to the respective categories of CTEI Products. The price list of CTEI Products maintained by the CTEI Group applies to all customers, including independent third party customers as well as the HOEL Group and the CPP Group. The price list for the CTEI Products is approved by management of the CTEI Group through internal review meetings to determine the price list and is generally reviewed on a quarterly basis. The factors and procedures for determining the prices for the CTEI Products described above are the same as the factors and procedures used for determining the prices of the CTEI Products to be supplied to independent third party customers. The above mentioned processes ensure that the price for any CTEI Products to be sold shall be no more favourable to the HOEL Group than those provided by the CTEI Group to independent third party customers.

(e) Payment terms

The CTEI Group will generally offer credit terms of 60 days from delivery to customers, or other credit terms generally available in the market from time to time. Payment shall be made by telegraphic transfer or other payment methods generally acceptable in the market. The payment terms for the HOEL Group shall be the same as the payment terms for independent third parties. Interest shall be charged by the CTEI Group for any overdue payment until such overdue payment is settled in full.

(f) Term

Subject to the approval of the Independent Shareholders, the 2017 HOEL Master Purchase Agreement shall take effect from 1 January 2018 and continue until 31 December 2020.

(g) Historical amount of supply

The historical amount received by the CTEI Group under the 2015 HOEL Master Purchase Agreement for the period from the date of listing of the Company on 3 July 2015 to 31 December 2015, the financial year ended 31 December 2016 and the eight months ended 31 August 2017 were US\$1.0 million (approximately HK\$7.8 million), US\$1.7 million (approximately HK\$13.2 million) and US\$1.5 million (approximately HK\$11.6 million) respectively.

LETTER FROM THE BOARD

(h) Historical annual caps

The historical annual caps under the 2015 HOEL Master Purchase Agreement for the period from the date of listing of the Company on 3 July 2015 to 31 December 2015 (the pro-rated portion of the amount for the financial year ended 31 December 2015), the financial years ended 31 December 2016 and 2017 were US\$2.2 million (approximately HK\$17.1 million), US\$5.6 million (approximately HK\$43.4 million) and US\$6.5 million (approximately HK\$50.4 million) respectively.

(i) Annual caps

The annual caps for the supply of the CTEI Products by the CTEI Group to the HOEL Group under the 2017 HOEL Master Purchase Agreement for the financial years ending 31 December 2018, 2019 and 2020 respectively are proposed to be US\$3.2 million (approximately HK\$24.8 million), US\$3.5 million (approximately HK\$27.1 million) and US\$3.8 million (approximately HK\$29.5 million).

The above annual caps have been determined with reference to:

- (i) the value of the historical sales under the 2015 HOEL Master Purchase Agreement by the CTEI Group for the period from 3 July 2015 to 31 December 2015, the financial year ended 31 December 2016 and the eight months ended 31 August 2017;
- (ii) the prevailing market prices of the CTEI Products, taking into account the prices set by competitors and allowances for possible price fluctuations. In determining the proposed annual caps, the CTEI Group expects the average selling price of the CTEI Products for the three financial years ending 31 December 2020 to remain relatively stable;
- (iii) the projected increase in the sales volume of CTEI Products to the HOEL Group for 2018 in view of the anticipated increase in the purchase of the CTEI Products in new geographical areas by some HOEL Group companies. As indicated by HOEL, certain companies in the HOEL Group to which the CTEI Group has not previously sold CTEI Products, plan to source certain CTEI Products from the CTEI Group in 2018. As the total demand from these additional HOEL Group companies is expected to amount to 20% of the expected demand for the CTEI Products in 2018 by those HOEL Group companies which are existing customers, therefore, the overall sales of the CTEI Products to the HOEL Group for 2018 are expected to increase substantially compared to that of 2017; and

LETTER FROM THE BOARD

- (iv) a 10% annual increase compared to the expected sales in 2018 as a buffer for unexpected increase in the demand for, or the selling price of, the CTEI Products. Several factors have been taken into consideration, such as the uncertainties surrounding the estimations of the demand of the CTEI Products by the HOEL Group, the historical fluctuations in the volume of sales of CTEI Products to the HOEL Group and the historical price fluctuations of chlortetracycline products.

As a general principle, the quantity and the price of the CTEI Products to be supplied to the CPP Group or the HOEL Group from time to time shall be determined through good faith negotiation between the CPP Group or the HOEL Group with the CTEI Group. In order to ensure that the pricing terms are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Company and shall be no more favourable to the CPP Group or the HOEL Group than those provided by the CTEI Group to independent third party customers, the CTEI Group maintains a price list for the CTEI Products, which shall be used to determine the prices of the CTEI Products to be supplied to the CPP Group, the HOEL Group and to independent third party customers. The price list is reviewed by senior management of the CTEI Group and internal review meetings are generally held on a quarterly basis among senior management of the Company to determine the price list. The price list and the internal procedure for accepting orders apply to all customers, including independent third party customers, the CPP Group and the HOEL Group. Orders received at the prices according to the price list will be accepted subject to approval by the finance department of the Company's PRC subsidiaries. Any requests from sales personnel for variations from the price list for any specific order will need to comply with strict internal approval procedures before they can confirm orders with the relevant customers, whether independent customers, the CPP Group or the HOEL Group, with discounts within a certain threshold to be approved by the regional head of the Company's biochemical business and beyond that by the vice chairman of the Company's biochemical business. For the period from 3 July 2015 to 31 August 2017, orders accepted from the CPP Group and the HOEL Group were all based on prices which did not represent discounts beyond that threshold. The CTEI Group will also introduce an additional requirement, effective as from 1 January 2018, that no discount of more than 10% will be accepted for orders received from the CPP Group or the HOEL Group, such discounts shall be no more favourable than those offered to the independent third party customers for orders of similar type and quantity of the CTEI Products.

C. INFORMATION ON THE PARTIES

The Company is an investment holding company. The CTEI Group and its joint venture and associate are principally involved in (i) manufacturing and sale of chlortetracycline products; (ii) trading of machinery; and (iii) manufacturing and sale of automotive parts respectively.

CPP is an investment holding company and its subsidiaries are principally engaged in agri-food business in the PRC and Vietnam.

HOEL is an investment holding company and is indirectly wholly-owned by CPG. The HOEL Group includes companies principally engaged in agri-food business that needs the CTEI Products.

LETTER FROM THE BOARD

D. REASONS FOR RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

The Directors consider that the 2017 CPP Master Purchase Agreement and the 2017 HOEL Master Purchase Agreement will enable the CTEI Group to continue to generate turnover by supplying CTEI Products to the CPP Group and the HOEL Group required by their feed and farming businesses as feed additives to promote healthy growth of livestock, prevent or cure animal diseases and improve overall feed efficiency.

As Mr. Soopakij Chearavanont (chairman and non-executive director of the Company) is a director of CPP, the Board considered that Mr. Soopakij Chearavanont had a material interest in the transactions contemplated under the 2017 CPP Master Purchase Agreement. Accordingly, Mr. Soopakij Chearavanont had abstained from voting on the resolution passed at the board meeting of the Company to approve the 2017 CPP Master Purchase Agreement. Other than Mr. Soopakij Chearavanont, no other Director was considered to have a material interest in the transactions contemplated under the 2017 CPP Master Purchase Agreement, and hence no other Director abstained from voting on the board resolution for approving the 2017 CPP Master Purchase Agreement.

The Board also considered that each of Mr. Soopakij Chearavanont (chairman and non-executive director of the Company), Mr. Thirayut Phityaisarakul, Mr. Thanakorn Seriburi and Mr. Nopadol Chiaravanont (executive directors of the Company) had a material interest in the transactions contemplated under the 2017 HOEL Master Purchase Agreement in view of their respective shareholdings in CPG, and accordingly all of them had abstained from voting on the resolution which was passed at the board meeting of the Company to approve the 2017 HOEL Master Purchase Agreement. Other than Mr. Soopakij Chearavanont, Mr. Thirayut Phityaisarakul, Mr. Thanakorn Seriburi and Mr. Nopadol Chiaravanont, no other Director was considered to have a material interest in the transactions contemplated under the 2017 HOEL Master Purchase Agreement, and hence no other Director abstained from voting on the board resolution for approving the 2017 HOEL Master Purchase Agreement.

The Directors (including the independent non-executive Directors who have taken into account the advice from the Independent Financial Adviser) are of the opinion that the 2017 CPP Master Purchase Agreement and the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective annual caps) are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

E. LISTING RULES IMPLICATIONS

CPF is interested in approximately 47.8% of the Shares in issue and is therefore the controlling shareholder of the Company. CPF is also interested in approximately 47.8% of the total issued share capital of CPP. Companies in the CPP Group are therefore associates of CPF and connected persons of the Company under the Listing Rules. Transactions between the CTEI Group and the CPP Group under the 2017 CPP Master Purchase Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Furthermore, approximately 48.5% 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 its subsidiaries and their respective associates as connected persons of the Company within the meaning of the Listing Rules. As HOEL is an indirect wholly-owned subsidiary of CPG, transactions between the CTEI Group and the HOEL Group under the 2017 HOEL Master Purchase Agreement are treated as if they were continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the proposed annual caps under the 2017 CPP Master Purchase Agreement and the 2017 HOEL Master Purchase Agreement in aggregate are more than 5%, the transactions contemplated under the 2017 CPP Master Purchase Agreement and the 2017 HOEL Master Purchase Agreement are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

F. RECOMMENDATION

The Independent Board Committee has been established to consider the terms of the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective annual caps) and Mizuho Securities has been appointed as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders whether the terms of the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective annual caps) are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Company and in the interest of the Shareholders as a whole.

The letter from Mizuho Securities containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 30 of this circular and the letter from the Independent Board Committee to the Independent Shareholders is set out on page 15 of this circular.

The Independent Board Committee, having taken into account the opinion of Mizuho Securities, considers the terms of the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective 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 terms of the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective 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

G. 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 8 December 2017 at 11:30 a.m.. A notice convening the SGM at which resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective annual caps), details of which are set out on pages 35 to 37 of this circular. CPG, CPF and their associates will abstain from voting at the SGM in respect of the resolutions relating to the Continuing Connected Transactions.

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 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 11:30 a.m. (Hong Kong time) on 6 December 2017) 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 if they so wish.

H. FURTHER INFORMATION

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 limited liability)

(Stock Code: 3839)

21 November 2017

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 21 November 2017 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.

As independent non-executive Directors who are independent of the parties to the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions and not having any interest in the transactions contemplated under the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions, we have been appointed by the Board to advise you as to whether, in our opinion, the terms of the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective annual caps) are fair and reasonable so far as the Independent Shareholders are concerned.

Mizuho Securities has been appointed by the Company as the Independent Financial Adviser to advise us regarding the fairness and reasonableness of the terms of the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective 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 16 to 30 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 4 to 14 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 Mizuho Securities as stated in its letter of advice, we consider that the terms of the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective annual caps) are 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 resolutions in relation to the 2017 CPP Master Purchase Agreement, the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the respective 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. Ko Ming Tung, Edward
*Independent Non-executive
Director*

LETTER FROM MIZUHO SECURITIES ASIA LIMITED

The following is the full text of the letter of advice from Mizuho Securities to the Independent Board Committee and the Independent Shareholders in respect of the 2017 CPP Master Purchase Agreement and the 2017 HOEL Master Purchase Agreement and the Continuing Connected Transactions (including the proposed annual caps) for the purpose of incorporation into this circular.



Mizuho Securities Asia Limited

21 November 2017

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

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS:
2017 CPP MASTER PURCHASE AGREEMENT
AND
2017 HOEL MASTER PURCHASE AGREEMENT**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2017 CPP Master Purchase Agreement and the 2017 HOEL Master Purchase Agreement (collectively the “**2017 Master Purchase Agreements**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 21 November 2017 (the “**Circular**”) to the Shareholders, 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 requires otherwise.

Reference is made to the non-exempt continuing connected transactions disclosed in the section headed “Connected Transactions” in the listing document of the Company dated 17 June 2015 (the “**Prospectus**”) in relation to, among other things, the 2015 CPP Master Purchase Agreement and the 2015 HOEL Master Purchase Agreement (collectively the “**2015 Master Purchase Agreements**”). The 2015 Master Purchase Agreements will expire on 31 December 2017. As the Company intends to continue to carry out the relevant transactions, on 30 October 2017, the Company entered into the 2017 Master Purchase Agreements with CPP and HOEL in relation to the supply of the CTEI Products by the CTEI Group to the CPP Group and HOEL Group respectively for a term of three financial years ending 31 December 2020 (the “**Continuing Connected Transactions**”).

LETTER FROM MIZUHO SECURITIES ASIA LIMITED

As at the Latest Practicable Date, CPF is interested in approximately 47.8% of the Shares in issue and is therefore the controlling shareholder of the Company. CPF is also interested in approximately 47.8% of the total issued share capital of CPP. Companies in the CPP Group are therefore associates of CPF and connected persons of the Company under the Listing Rules. Transactions between the CTEI Group and the CPP Group under the 2017 CPP Master Purchase Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Furthermore, approximately 48.5% 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 its subsidiaries and their respective associates as connected persons of the Company within the meaning of the Listing Rules. As HOEL is an indirect wholly-owned subsidiary of CPG, transactions between the CTEI Group and the HOEL Group under the 2017 HOEL Master Purchase Agreement are treated as if they were continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the proposed annual caps under the 2017 Master Purchase Agreements (the "**Proposed Annual Caps**") in aggregate are more than 5%, the transactions contemplated under the 2017 Master Purchase Agreements are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Surasak Rounroengrom, Mr. Cheng Yuk Wo and Mr. Ko Ming Tung, Edward, has been established to consider and advise the Independent Shareholders as to (i) whether the terms of the 2017 Master Purchase Agreements are fair and reasonable, on normal commercial terms and 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 (ii) how to vote in respect of the resolutions to approve the 2017 Master Purchase Agreements and the Continuing Connected Transactions (including the Proposed Annual Caps) at the SGM. We, Mizuho Securities Asia Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we are independent of the Company pursuant to Rule 13.84 of the Listing Rules. We were not aware of any relationships or interests between Mizuho Securities Asia Limited and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Mizuho Securities Asia Limited's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Besides, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

LETTER FROM MIZUHO SECURITIES ASIA LIMITED

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular, Prospectus, financial statements of the Company, and/or provided to us by the CTEI Group and/or its management and/or the Directors (the “**Management**”). We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular, Prospectus, financial statements of the Company, and/or provided to us by the CTEI Group and/or the Management were true, accurate and complete at the time when they were made and continue to be true, accurate and complete up to the Latest Practicable Date. We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information or opinions provided or the representations made to us untrue, inaccurate or misleading.

The Directors collectively and individually accept full responsibility, including 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 and careful consideration, confirm that to the best of their knowledge and belief, the information contained in the Circular, Prospectus, and financial statements of the Company, 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 in the Circular, Prospectus, and financial statements of the Company, misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the CTEI Group contained or referred to in the Circular, Prospectus, financial statements of the Company, and/or provided to us by the CTEI Group and/or the Management have been made after due and careful enquiries.

We consider that we have been provided with sufficient information to reach an informed opinion and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs of the Company, CPP, HOEL, and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Company or the Shareholders as a result of the entering into of the 2017 Master Purchase Agreements. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Mizuho Securities Asia Limited to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the 2017 Master Purchase Agreements, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM MIZUHO SECURITIES ASIA LIMITED

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the 2017 Master Purchase Agreements, we have taken into consideration the following principal factors and reasons:

1. Background information of the Company, CPP and HOEL

The Company

The Company is an investment holding company. The CTEI Group and its joint venture and associate are principally involved in (i) manufacturing and sale of chlortetracycline products; (ii) trading of machinery; and (iii) manufacturing and sale of automotive parts respectively.

CPP

CPP is an investment holding company whose ordinary shares are listed and traded on the Main Board of the Stock Exchange under stock code 43, its subsidiaries are principally engaged in agri-food business in the PRC and Vietnam.

HOEL

HOEL is an investment holding company and is indirectly wholly-owned by CPG. The HOEL Group includes companies principally engaged in agri-food business that needs the CTEI Products.

2. Reasons for and benefits of entering into the 2017 Master Purchase Agreements

According to the annual reports of the Company for the financial year ended 31 December 2015 (the “**2015 Annual Report**”) and 31 December 2016 (the “**2016 Annual Report**”) and the interim report for the six months ended 30 June 2017 (the “**2017 Interim Report**”), the CTEI Group has two reportable operating segments namely (i) the biochemical segment which is engaged in the manufacture and sale of chlortetracycline products; and (ii) the industrial segment which is engaged in the trading of machinery and the manufacture and sale of automotive parts, through its joint venture and associate. The CTEI Group generated all of its revenue from the manufacture and sale of chlortetracycline products for the financial years ended 31 December 2015 and 2016 and the six months ended 30 June 2017. We understand from the Company that CPP and HOEL have been important customers for the CTEI Group’s sale of the CTEI Products and the CTEI Products are required by the CPP Group and the HOEL Group for their feed and farming businesses as feed additives to promote healthy growth of livestock, prevent or cure animal diseases and improve overall feed efficiency. Based on the 2016 Annual Report, the actual sales of the CTEI Products supplied by the CTEI Group to the CPP Group and the HOEL Group in aggregate accounted for approximately 13.0% of the CTEI Group’s total revenue for the financial year ended 31 December 2016.

LETTER FROM MIZUHO SECURITIES ASIA LIMITED

Having discussed with the Management and considered (i) the 2017 Master Purchase Agreements do not restrict the CTEI Group to supply its chlortetracycline products to other third parties; (ii) the CTEI Group will only supply the CTEI Products to the CPP Group and the HOEL Group on terms no more favourable to the CPP Group and the HOEL Group than those provided by the CTEI Group to independent third party customers; (iii) the long term and continuing supply of the CTEI Products to the CPP Group and the HOEL Group is beneficial to enhance the stability of the CTEI Group's customer base and future revenue from the CTEI Group's principal products; and (iv) the 2017 Master Purchase Agreements will enable the CTEI Group to continue to generate turnover by supplying the CTEI Products to the CPP Group and the HOEL Group, we concur with the view of the Directors that the Continuing Connected Transactions are in the ordinary and usual course of business of the Company and the entering into of the 2017 Master Purchase Agreements is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the 2017 Master Purchase Agreements

Major Terms

| | |
|--------------------------------|---|
| Agreement: | 2017 CPP Master Purchase Agreement |
| Date: | 30 October 2017 |
| Parties: | the Company and CPP |
| Contract period: | 1 January 2018 to 31 December 2020 |
| Subject matter: | Supply of the CTEI Products by the CTEI Group to the CPP Group |
| General principle: | The two parties confirm that the respective companies in the CTEI Group and the CPP Group shall have the right to sell and/or buy the CTEI Products of the same or similar kinds to or from any third party other than the CPP Group or the CTEI Group (as the case may be) anywhere in the world and that the 2017 CPP Master Purchase Agreement shall not restrict such right in any manner whatsoever nor impose any obligation on either party to supply or purchase (or to procure any other company to supply or purchase) any CTEI Products or any other product |
| Quantity of products supplied: | The CTEI Group shall not be bound to accept any order for the CTEI Products but in relation to any order that it accepts, it shall dispatch written confirmation of the order and such confirmation shall be signed by a duly authorised personnel of the CTEI Group |
| Early termination: | Both parties may give the other not less than thirty days' prior written notice to terminate the 2017 CPP Master Purchase Agreement. |

LETTER FROM MIZUHO SECURITIES ASIA LIMITED

| | |
|--------------------------------|--|
| Agreement: | 2017 HOEL Master Purchase Agreement |
| Date: | 30 October 2017 |
| Parties: | the Company and HOEL |
| Contract period: | 1 January 2018 to 31 December 2020 |
| Subject matter: | Supply of the CTEI Products by the CTEI Group to the HOEL Group |
| General principle: | The two parties confirm that the respective companies in the CTEI Group and the HOEL Group shall have the right to sell and/or buy the CTEI Products of the same or similar kinds to or from any third party other than the HOEL Group or the CTEI Group (as the case may be) anywhere in the world and that the 2017 HOEL Master Purchase Agreement shall not restrict such right in any manner whatsoever nor impose any obligation on either party to supply or purchase (or to procure any other company to supply or purchase) any CTEI Products or any other product |
| Quantity of products supplied: | The CTEI Group shall not be bound to accept any order for the CTEI Products but in relation to any order that it accepts, it shall dispatch written confirmation of the order and such confirmation shall be signed by a duly authorised personnel of the CTEI Group |
| Early termination: | Both parties may give the other not less than thirty days' prior written notice to terminate the 2017 HOEL Master Purchase Agreement |

Pricing method and procedures

As disclosed in the Letter from the Board, the quantity and the price of the CTEI Products to be supplied to the CPP Group and the HOEL Group from time to time shall be determined through good faith negotiation between the CPP Group and the CTEI Group, and between the HOEL Group and the CTEI Group respectively.

LETTER FROM MIZUHO SECURITIES ASIA LIMITED

The CTEI Group maintains a price list for its chlortetracycline products (the “**Price List**”), and as disclosed in the Letter from the Board, the Price List is used to determine the prices of chlortetracycline products to be supplied to all customers of the CTEI Group, including the CPP Group, the HOEL Group and independent third party customers. Prices of the different categories of chlortetracycline products set out in the Price List are determined with reference to the cost of raw materials, other value added (for example, manufacturing and marketing), and what the CTEI Group judges to be appropriate profit margins for the particular categories taking into account the prevailing market demand for the different categories of chlortetracycline products and the prevailing prices offered by other suppliers for equivalent products corresponding to the respective categories of chlortetracycline products. For our due diligence purpose, we (i) obtained and reviewed the historical Price Lists used during the term of the 2015 Master Purchase Agreements on a quarterly basis; and (ii) compared the prices in the latest Price List with the prices of similar products quoted by other third party suppliers. We note that the prices of chlortetracycline products supplied by the CTEI Group are within the range, and comparable to the average, of market prices of similar products offered by other third party suppliers. We also obtained and reviewed the historical sales contracts and PRC value-added tax invoices for the supply of the CTEI Products by the CTEI Group to (i) the CPP Group; (ii) the HOEL Group; and (iii) independent third party customers, during the term of the 2015 Master Purchase Agreements. We note that the prices of the CTEI Products supplied to the CPP Group and the HOEL Group were no less favourable to the CTEI Group than those supplied to independent third party customers.

Furthermore, we obtained and reviewed the Company’s internal pricing policy of its chlortetracycline products (the “**Pricing Policy**”). The Pricing Policy sets out that orders received at the prices according to the Price List will be accepted subject to approval by the finance department of the Company’s PRC subsidiaries and any requests from sales personnel for variations from the Price List for any specific order will need to comply with strict internal approval procedures detailed in the Price List before they can confirm orders with the relevant customers, with discounts within a certain threshold to be approved by the regional head of the Company’s biochemical business and beyond that by vice chairman of the Company’s biochemical business. Such approval procedures are applicable to all customers of the CTEI Group including the CPP Group, the HOEL Group and independent third party customers. As disclosed in the Letter from the Board, for the period from 3 July 2015 to 31 August 2017, orders accepted from the CPP Group and the HOEL Group were all based on prices which did not represent discounts beyond that threshold. The CTEI Group will also introduce an additional requirement, effective as from 1 January 2018, that no discount of more than 10% will be accepted for orders received from the CPP Group or the HOEL Group, which will be no more favourable than those offered to independent third party customers for orders of similar type and quantity of the CTEI Products. The Management considers that such approval procedures will further ensure that the selling prices of the CTEI Products supplied by the CTEI Group to the CPP Group and the HOEL Group would be on normal commercial terms or on pre-approved terms no more favourable to the CPP Group and the HOEL Group than those that the CTEI Group offers to independent third party customers. We also obtained and reviewed samples of the CTEI Group’s internal approval records regarding adjustment of selling price of chlortetracycline products. We note that these pricing adjustment requests followed relevant approval requirements in the Pricing Policy and the Price List and had been approved accordingly. We also note from the above samples that prices of the CTEI Products offered to the CPP

LETTER FROM MIZUHO SECURITIES ASIA LIMITED

Group and the HOEL Group under the term of 2015 Master Purchase Agreements did not represent discounts beyond the above-mentioned threshold. Furthermore, pursuant to the Pricing Policy, the Price List is reviewed by senior management of the CTEI Group and internal review meetings are generally held on a quarterly basis among senior management of the Company to optimise the Price List.

In light of the above, we are of the view that (i) the pricing procedures in relation to the 2017 Master Purchase Agreements are fair and reasonable; and (ii) the CTEI Group has approval procedures in place to govern the implementation of the Price List. We concur with the Directors that using the Price List as a reference in determining the prices of the CTEI Products to be supplied to the CPP Group and the HOEL Group, and the effective implementation of the relevant pricing and approval procedures, would help to ensure the pricing terms under the 2017 Master Purchase Agreements are on normal commercial terms or on terms which are no more favourable than those supplied to independent third party customers.

Exclusivity of the supply

Pursuant to the 2017 Master Purchase Agreements, the CTEI Group will not be bound to accept any order for the CTEI Products, but in relation to any order that it accepts, it will provide written confirmation to confirm the orders. As such, we are of the view that the entering into of the 2017 Master Purchase Agreements by the Company, which does not restrict supply of the CTEI Products by the CTEI Group to the CPP Group and the HOEL Group, should not have negative impact on the CTEI Group's supply of chlortetracycline products to other independent third party customers.

Payment terms

As disclosed in the Letter from the Board, the CTEI Group will generally offer credit terms of 60 days from delivery to customers, or other credit terms generally available in the market from time to time. Based on our reviews on historical contracts regarding the supply of the CTEI Products by the CTEI Group to the CPP Group, the HOEL Group and independent third party customers as mentioned above, we note that the payment terms offered to the CPP Group and the HOEL Group were no less favourable to the CTEI Group than those offered to independent third party customers.

We also note from the CTEI Group's trade receivables aging schedule disclosed in the 2015 Annual Report and 2016 Annual Report that the majority of the CTEI Group's trade receivables balances were within 60 days. As at 31 December 2015 and 31 December 2016, the CTEI Group's trade and bills receivables of 60 days or below accounted for around 85% and 78% of the CTEI Group's total trade and bills receivables respectively. In view of the above, we are of the view that the payment terms under the 2017 Master Purchase Agreements are consistent with the majority of the CTEI Group's trade receivables balances during the financial years ended 31 December 2015 and 2016.

LETTER FROM MIZUHO SECURITIES ASIA LIMITED

4. Internal control

As disclosed in the 2015 Annual Report and 2016 Annual Report, the independent non-executive Directors of the Company have reviewed the continuing connected transactions of the CTEI Group for the period from the date of listing of the Company on 3 July 2015 to 31 December 2015 and the financial year ended 31 December 2016 and confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the CTEI Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. We also note that the Company engaged its auditors to report on the continuing connected transactions for the same periods and the auditors issued unqualified letters containing its findings and conclusions in accordance with Rule 14A.56 of the Listing Rules. In addition, the Company's internal audit department performed internal review over the continuing connected transactions of the CTEI Group and had no material findings of non-compliance report to the independent non-executive Directors of the Company for the financial year ended 31 December 2016. As confirmed by the Management, there will be on-going review by the Company's internal audit department, the independent non-executive Directors and auditors in relation to the terms and annual caps of the Continuing Connected Transactions, we therefore concur with the view of the Directors that appropriate internal control measures are in place by the Company to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

5. The Proposed Annual Caps

Set out below are (i) the historical transactions amounts of the transactions and existing annual caps regarding supply of the CTEI Products to the CPP Group and the HOEL Group for the period from the date of the listing of the Company on 3 July 2015 to 31 December 2015, the financial year ended 31 December 2016, and the eight months ended 31 August 2017; and (ii) the Proposed Annual Caps for the three financial years ending 31 December 2020:

Supply of the CTEI Products to the CPP Group:

| | From 3 July 2015 to 31 December 2015 | For the financial year ended 31 December 2016 | For the eight months ended 31 August 2017 |
|---|---|---|---|
| Historical transaction amount (US\$'000) | 4,660 | 9,641 | 1,352 |
| Historical annual caps (US\$'000) | 5,993 ⁽¹⁾ | 13,176 | 14,515 ⁽²⁾ |
| | For the financial year ending 31 December 2018 | For the financial year ending 31 December 2019 | For the financial year ending 31 December 2020 |
| Proposed annual caps (US\$'000) | 3,656 | 4,072 | 4,410 |

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Supply of the CTEI Products to the HOEL Group:

| | From 3 July 2015 to 31 December 2015 | For the financial year ended 31 December 2016 | For the eight months ended 31 August 2017 |
|---|---|---|---|
| Historical transaction amount (US\$'000) | 1,033 | 1,732 | 1,458 |
| Historical annual caps (US\$'000) | 2,207 ⁽¹⁾ | 5,610 | 6,533 ⁽²⁾ |
| | For the financial year ending 31 December 2018 | For the financial year ending 31 December 2019 | For the financial year ending 31 December 2020 |
| Proposed annual caps (US\$'000) | 3,155 | 3,470 | 3,817 |

Notes:

- (1) Represents the pro-rated portion of the historical annual cap for the financial year ended 31 December 2015, from the date of listing of the Company on 3 July 2015 to 31 December 2015
- (2) Represents the annual cap for the financial year ending 31 December 2017

As advised by the Management, the Proposed Annual Caps have been determined with reference to:

- (i) the value of the historical sales under the 2015 CPP Master Purchase Agreement and the 2015 HOEL Master Purchase Agreement by the CTEI Group for the period from 3 July 2015 to 31 December 2015, the financial year ended 31 December 2016 and the eight months ended 31 August 2017;
- (ii) the prevailing market prices of the CTEI Products, taking into account the prices set by competitors and allowances for possible price fluctuations. In determining the Proposed Annual Caps, the CTEI Group expects the average selling price of the CTEI Products for the three financial years ending 31 December 2020 to remain relatively stable;
- (iii) the projected increase in the sales volume of the CTEI Products for 2018. Although sales of the CTEI Products to the CPP Group increased to US\$9.6 million for the financial year ended 31 December 2016, due to a change in the government policy restricting the use of one of the CTEI Products (the “**Restricted CTEI Product**”) in a country where a CPP subsidiary operates, the sales of this type of CTEI Product dropped significantly in the eight months ended 31 August 2017. As a result, the overall sales of the CTEI Products to the CPP Group decreased to US\$1.4 million for the eight months ended 31 August 2017. However, the CTEI Group intends to introduce another type of

LETTER FROM MIZUHO SECURITIES ASIA LIMITED

CTEI Product (the “**New CTEI Product**”), which is not subject to this usage restriction, to the market in this country starting from the first quarter of 2018. Based on the annualised sales of the CTEI Products for the eight months ended 31 August 2017 and the introduction of the New CTEI Product, the overall sales of the CTEI Products to the CPP Group for 2018 are expected to increase compared to that of 2017;

- (iv) the projected increase in the sales volume of the CTEI Products to the HOEL Group for 2018 in view of the anticipated increase in the purchase of the CTEI Products in new geographical areas by some HOEL Group companies. As indicated by HOEL, certain companies in the HOEL Group to which the CTEI Group has not previously sold CTEI Products, plan to source certain CTEI Products from the CTEI Group in 2018. As the total demand from these additional HOEL Group companies is expected to amount to 20% of the expected demand for the CTEI Products in 2018 by those HOEL Group companies which are existing customers, therefore, the overall sales of the CTEI Products to the HOEL Group for 2018 are expected to increase substantially compared to that of 2017; and
- (v) a 10% annual increase compared to the expected sales in 2018 as a buffer for unexpected increase in the demand for, or the selling price of, the CTEI Products. Several factors have been taken into consideration, such as the uncertainties surrounding the estimations of the demand of the CTEI Products by the CPP Group and the HOEL Group, the historical fluctuations in the volume of sales of the CTEI Products to the CPP Group and the HOEL Group and the historical price fluctuations of chlortetracycline products.

General considerations:

To assess the fairness and reasonableness of the Proposed Annual Caps, we have reviewed and discussed with the Management on the calculation of the Proposed Annual Caps (the “**Calculation**”) and were given to understand that the Proposed Annual Caps were arrived by the forecast selling price and forecast sales volume of the CTEI Products to be supplied by the CTEI Group to the CPP Group and the HOEL Group for the relevant future period.

We note from the Calculation that the forecast selling price of each type of CTEI Products to be supplied by the CTEI Group to the CPP Group and the HOEL Group for the three financial years ending 31 December 2020 remains relatively stable as compared with the prices on the recent Price List for the third quarter of 2017. However, as disclosed in the 2016 Annual Report and the 2017 Interim Report, the overall average selling prices of the CTEI Group’s chlortetracycline products had been on a decreasing trend. Also, according to the Prospectus, although the global and PRC feed-grade chlortetracycline prices had risen at a compound annual growth rate (“**CAGR**”) of 11.4% and 11.4% respectively from 2009 to 2014, the prices were expected to drop slightly at a CAGR of 1.3% and 1.3% respectively from 2015 to 2020. As advised by the Management, prices of chlortetracycline products are

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affected by a mix of key factors including the cost of raw materials, market demand and competitive prices offered by other suppliers of chlortetracycline products. We reviewed the trend of corn price based on public database and industry news as corn starch is an important raw material in producing chlortetracycline products. We note that the corn price has been on a decreasing trend since 2013 and is expected to remain under pressure in the near future due to over-supply in the PRC, however is expected to gradually stabilise and recover in the long run when supply and demand rebalances. According to the industry analysis in the Prospectus, the global and PRC's consumption of chlortetracycline products will continue to experience steady growth in the next four years until 2021. In addition, as disclosed in the interim report of a major competitor of the Company for the six months ended 30 June 2017, the relevant competitor expected the selling prices to stabilise in the third quarter of 2017 due to improvement in sales of such products in the PRC. We have discussed with the Management and were given to understand that they also do not expect the market condition to deteriorate rapidly and cause significant drop of the selling prices of chlortetracycline products in the relevant future period. They considered that (i) certain flexibility is needed in the forecast selling price to cater for possible rebound of the selling prices of the CTEI Products due to fluctuation in raw material prices and other market factors; and (ii) such flexibility prevents the CTEI Group from having to incur additional time and cost to revise the Proposed Annual Caps during the term of the 2017 Master Purchase Agreements. In view of the above and having considered that the global and PRC feed-grade chlortetracycline prices were only expected to drop slightly during the period from 2015 to 2020 as disclosed in the Prospectus, we concur with the view of the Directors that it is acceptable to assume the forecast selling price of each type of the CTEI Products to remain stable for the three financial years ending 31 December 2020.

Proposed annual caps under the 2017 CPP Master Purchase Agreement:

As disclosed in the Letter from the Board, the proposed annual caps of the CTEI Products under the 2017 CPP Master Purchase Agreement have been determined with reference to, among other things, the annualised sales of the CTEI Products for the eight months ended 31 August 2017 and the forecast increase in the sales volume of the CTEI Products to the CPP Group for 2018 due to introduction of the New CTEI Product starting from the first quarter of 2018. As advised by the Management, the CTEI Products are supplied to many subsidiaries under the CPP Group in both the PRC and Vietnam. Starting from 2017, the government of a country where a CPP subsidiary operates restricted the use of the Restricted CTEI Product under certain circumstances. As a result, the transaction amount decreased to approximately US\$1.4 million for the eight months ended 31 August 2017 from approximately US\$9.6 million for the financial year ended 31 December 2016. The Management expects that the sales volume of the Restricted CTEI Products to the CPP Group for the remaining four months ending 31 December 2017 and the three financial years ending 31 December 2020 will continue to be affected by the above-mentioned restriction. The CTEI Group intends to introduce the New CTEI Product which is not subject to this usage restriction from the first quarter of 2018 to the relevant country. As a result, the forecast sales volume of the CTEI products to be supplied to the CPP Group for the financial year ending 31 December 2018 is higher than the annualised sales volume for the financial year ending 31 December 2017, based on actual sales volume for the eight months

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ended 31 August 2017, but lower than the actual sales volume for the financial year ended 31 December 2016.

Furthermore, as discussed with the Management, the New CTEI Product will have a higher unit selling price than the Restricted CTEI Product. As a result, the forecast average selling price of various types of CTEI Products to be supplied to the CPP Group for the financial year ending 31 December 2018 is higher than the historical average selling price during the term of the 2015 CPP Master Purchase Agreement, and is expected to increase for the two financial years ending 31 December 2020. For our due diligence purpose, we obtained and reviewed the historical sample sales contracts for the New CTEI Product and the Restricted CTEI Product, and note that the New CTEI Product had been historically sold at a price higher than the Restricted CTEI Product by the CTEI Group to its customers.

In light of the above, and having discussed with the Management that they estimated the CPP Group's demand for the CTEI Products based on their understanding on the CPP Group's scale of operations given the years of business relationship, we consider that the Calculation in respect of the proposed annual caps under the 2017 CPP Master Purchase Agreement to be fair and reasonable. Furthermore, having considered (i) the uncertainties surrounding the estimations of the demand of the New CTEI Products by the CPP Group; (ii) the historical fluctuations in the volume of sales of the CTEI Product to the CPP Group; and (iii) the historical price fluctuations of chlortetracycline products, we are of the view that the estimated 10% annual increase compared to the forecast sales in 2018 as a buffer for unexpected increase in the demand for, or the selling price of, the CTEI Products is fair and reasonable.

Proposed annual caps under the 2017 HOEL Master Purchase Agreement:

As disclosed in the Letter from the Board, the proposed annual caps under the 2017 HOEL Master Purchase Agreement have been determined with reference to, among other things, the historical sales under the 2015 HOEL Master Purchase Agreement and the forecast increase in the sales volume of the CTEI Products to the HOEL Group for 2018. The forecast increase in sales volume is mainly due to the anticipated increase in the purchase of the CTEI Products in new geographical areas by some HOEL Group companies from 2018, as indicated by the management of HOEL to the Management.

The annualised sales volume to the HOEL Group for the financial year ending 31 December 2017, based on the historical sales volume for the eight months ended 31 August 2017, is approximately 1,023 tons, which is approximately 21% higher than the historical sales volume for the financial year ended 31 December 2016. In view of (i) the increasing trend of the demand of the CTEI Products by the HOEL Group; and (ii) the anticipated increase in the purchase of the CTEI Products in new geographical areas by some HOEL Group companies from 2018, we consider that it is reasonable for the forecast sales volume of the CTEI Products to the HOEL Group for the financial year ending 31 December 2018 to be approximately 25% higher than the annualised sales volume for the financial year ending 31 December 2017. As advised by the Management, the CTEI Group intends to also introduce the more expensive New CTEI Product to the HOEL Group companies in the new

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geographical areas, and therefore the average selling price of various CTEI Products to be supplied to the HOEL Group for the financial year ending 31 December 2018 is expected to be higher than the historical average selling price during the eight months ended 31 August 2017. We obtained and reviewed the historical sample sales contracts for the CTEI Products supplied to the HOEL Group and the historical sales contracts for the New CTEI Product supplied to independent third party customers, and note that the New CTEI Product had been historically sold at a price higher than the CTEI Products previously sold to the HOEL Group. In light of the above, we consider that the Calculation in respect of the proposed annual caps under the 2017 HOEL Master Purchase Agreement to be fair and reasonable. Furthermore, having considered (i) the uncertainties surrounding the estimations of the demand of the CTEI Products by the HOEL Group; (ii) the historical fluctuations in the volume of sales of CTEI Products to the HOEL Group; and (iii) the historical price fluctuations of chlortetracycline products, we are of the view that the estimated 10% annual increase compared to the expected sales in 2018 as a buffer for unexpected increase in the demand for, or the selling price of, the CTEI Products is fair and reasonable.

Taking into consideration of the above, we concur with the view of the Directors that the assumptions made and the factors used to determine the Proposed Annual Caps are fair and reasonable.

Shareholders should note that as the Proposed Annual Caps for the three financial years ending 31 December 2020 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2020. We express no opinion as to how closely the actual transaction amount under the 2017 Master Purchase Agreements will correspond with the Proposed Annual Caps.

6. Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the transactions contemplated under the 2017 Master Purchase Agreements must be restricted by the Proposed Annual Caps for the period concerned under the 2017 Master Purchase Agreements; (ii) the terms of the 2017 Master Purchase Agreements (including the Proposed Annual Caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the transactions contemplated under the 2017 Master Purchase Agreements must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the transactions contemplated under the 2017 Master Purchase Agreements (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the CTEI Group if the transactions involve the provision of goods or services by the CTEI Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded their respective proposed annual caps. In the event that the total amounts of the transactions contemplated under the 2017 Master Purchase Agreements are anticipated to exceed

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their respective Proposed Annual Caps, or that there is any proposed material amendment to the terms of the 2017 Master Purchase Agreements, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transaction pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Continuing Connected Transactions and thus the interest of the Independent Shareholders would be safeguarded.

OPINION AND RECOMMENDATION

Taking into consideration the factors and reasons as stated above, we are of the opinion that:

- (i) the terms of the 2017 Master Purchase Agreements and the Proposed Annual Caps are fair and reasonable;
- (ii) the Continuing Connected Transactions (including the Proposed Annual Caps) are on normal commercial terms and in the ordinary and usual course of business of the CTEI Group; and
- (iii) the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the resolutions to approve the 2017 Master Purchase Agreements, the Continuing Connected Transactions and the Proposed Annual Caps at the SGM.

Yours faithfully,
For and on behalf of
Mizuho Securities Asia Limited
LONG Tien Ian
Managing Director
*(Head of Equity Capital Markets &
Corporate Finance Asia ex-Japan)*

Mr. Tien Ian Long is a licensed person registered with the Securities and Futures Commission and a responsible officer of Mizuho Securities Asia Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong. He has over 20 years of experience in the equity capital markets and corporate finance industry.

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' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

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 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 Companies were as follows:

(a) Directors' interests in shares of the Company

| 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.

(b) Directors' interests in shares of associated corporation of the Company**C. P. Pokphand Co. Ltd.**

| Name of Director | Capacity | Number of shares held <i>(Note)</i> | Approximate percentage of the issued share capital of the associated corporation |
|-----------------------------|------------------|---|---|
| Mr. Thirayut Phityaisarakul | Beneficial owner | 41,000,000 (L) | 0.17% |
| Mr. Thanakorn Seriburi | Beneficial owner | 62,584,807 (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 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 Companies.

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 was a director or employee of CPG; and Mr. Yoichi Ikezoe was a director or employee of ITOCHU, 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.

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, save for those expiring or determinable by the relevant employer 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 2016 (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 2016, 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 the this circular:

| Name | Qualification | Nature of opinion or advice | Date of opinion |
|-------------------|--|--|------------------------|
| Mizuho Securities | a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO | Letter to the Independent Board Committee and the Independent Shareholders | 21 November 2017 |

Mizuho Securities 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, Mizuho Securities 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.

8. MISCELLANEOUS

- (a) The Company's registered office is at Canon's Court, 22 Victoria Street, Hamilton HM12, 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 secretary of the Company is Ms. Ng Mei Wah. She is an associate member of the Hong Kong Institute of Chartered Secretaries.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong up to and including 8 December 2017:

- (a) the letter from the Independent Board Committee, which is set out on page 15 of this circular;
- (b) the letter from Mizuho Securities, which is set out on pages 16 to 30 of this circular;
- (c) the written consent from Mizuho Securities referred to in the paragraph headed "Qualification and Consent of Expert" in this appendix;
- (d) the 2015 CPP Master Purchase Agreement;
- (e) the 2015 HOEL Master Purchase Agreement;
- (f) the 2017 CPP Master Purchase Agreement;
- (g) the 2017 HOEL Master Purchase Agreement; and
- (h) 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 limited liability)

(Stock Code: 3839)

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 8 December 2017 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

(1) “**THAT:**

- (i) the 2017 CPP Master Purchase Agreement (as defined in the circular of the Company dated 21 November 2017 (the “Circular”) and a copy of which is produced to the meeting marked “A” and initialed by the chairman of the meeting for identification purpose) entered into between the Company and CPP (as defined in the Circular) in relation to the supply of the CTEI Products (as defined in the Circular) produced by the CTEI Group to the CPP Group, which may be required by the CPP Group and which the CTEI Group may be able to supply in accordance with the terms and conditions of the 2017 CPP Master Purchase Agreement, and the transactions contemplated thereunder, be and are hereby confirmed, approved and ratified;
- (ii) the proposed annual caps in relation to the transactions under the 2017 CPP Master Purchase Agreement for the financial years ending 31 December 2018, 2019 and 2020 as set out in more details in the Circular, be and are hereby approved; and
- (iii) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents (with or without the affixation of the common seal but to be countersigned by the secretary of the Company or by another director of the Company if the common seal of the Company is required to be affixed thereto), instructions and agreements and to do all such acts and things deemed by him to be incidental to, ancillary to, or in connection with the matters contemplated in the 2017 CPP Master Purchase Agreement.”

NOTICE OF SPECIAL GENERAL MEETING

(2) “**THAT:**

- (i) the 2017 HOEL Master Purchase Agreement (as defined in the Circular and a copy of which is produced to the meeting marked “B” and initialed by the chairman of the meeting for identification purpose) entered into between the Company and HOEL (as defined in the Circular) in relation to the supply of the CTEI Products (as defined in the Circular) produced by the CTEI Group to the HOEL Group, which may be required by the HOEL Group and which the CTEI Group may be able to supply in accordance with the terms and conditions of the 2017 HOEL Master Purchase Agreement, and the transactions contemplated thereunder, be and are hereby confirmed, approved and ratified;
- (ii) the proposed annual caps in relation to the transactions under the 2017 HOEL Master Purchase Agreement for the financial years ending 31 December 2018, 2019 and 2020 as set out in more details in the Circular, be and are hereby approved; and
- (iii) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents (with or without the affixation of the common seal but to be countersigned by the secretary of the Company or by another director of the Company if the common seal of the Company is required to be affixed thereto), instructions and agreements and to do all such acts and things deemed by him to be incidental to, ancillary to, or in connection with the matters contemplated in the 2017 HOEL Master Purchase Agreement.”

By order of the Board
Thanakorn Seriburi
Director

Hong Kong, 21 November 2017

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

Notes:

1. A form of proxy 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 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. A proxy need not be a shareholder of the Company.

NOTICE OF SPECIAL GENERAL MEETING

4. To ascertain shareholders' eligibility to attend and vote at the SGM, the register of members of the Company will be closed from 5 December 2017 to 8 December 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify to attend and vote at the SGM, all transfer forms 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 December 2017.
5. In order to be valid, the form of proxy, 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 11:30 a.m. (Hong Kong time) on 6 December 2017) or any adjournment thereof (as the case may be).
6. Completion and deposit of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the SGM convened or any adjourned meeting and in such event, the form of proxy 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, either in person or by proxy, in respect of such share as if he/she were 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. The votes to be taken at the SGM will be by way of a poll.