CHINA SHENGMU ORGANIC MILK LIMITED
中國聖牧有機奶業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1432)

POSITIVE PROFIT ALERT

This announcement is made by China Shengmu Organic Milk Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review by the Board of the currently available information (including the unaudited preliminary consolidated management accounts of the Group and other operational information for the six months ended 30 June 2021) (the "**Preliminary Information**"), it is expected that the Group will record a profit of not less than RMB270 million for the six months ended 30 June 2021 (the "**Current Reporting Period**") from the unaudited consolidated interim results, representing a year-on-year increase of not less than 60% (the corresponding period last year: the profit for the six month ended 30 June 2020 (the "**Last Reporting Period**") from the unaudited consolidated interim results was approximately RMB166 million).

The expected growth in profit for the Current Reporting Period is mainly attributable to (i) the year-on-year increase in the average sales price of raw milk; (ii) the significant year-on-year increase in the sales volume of organic milk, the Company's advantageous resource; (iii) the gross profit margin of raw milk sales remained stable and the gross profit of sales increased as compared to the Last Reporting Period; and (iv) the Group's debt structure continued to be optimized, and financing costs recorded a substantial decrease as compared to the Last Reporting Period.

As the Company has not yet prepared the consolidated financial results of the Group for the six months ended 30 June 2021, the information contained in this announcement is only a preliminary assessment by the management based on the review of currently available Preliminary Information, and such information has not been audited or reviewed by the auditor of the Company. The actual financial results of the Group for the six months ended 30 June 2021 may differ from the information disclosed in this announcement, details of which will be reported in the interim results announcement of 2021 to be published by the end of August 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board of
China Shengmu Organic Milk Limited
Lu Minfang
Chairman

Hong Kong, 10 August 2021

As at the date of this announcement, the executive Director of the Company is Mr. Zhang Jiawang; the non-executive Directors of the Company are Mr. Lu Minfang, Mr. Sun Qian, Mr. Zhang Ping, Mr. Zhao Jiejun and Ms. Shao Lijun; and the independent non-executive Directors of the Company are Mr. Wang Liyan, Mr. Wu Liang and Mr. Sun Yansheng.