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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)

GRANT OF AWARD SHARES PURSUANT TO THE SHARE AWARD SCHEME

GRANT OF AWARD SHARES

Since the Adoption Date and up to the date of this announcement, a total of 108,942,111 Award Shares have been granted by the Company to 60 middle and senior management personnel of the Group pursuant to the Share Award Scheme, representing approximately 1.3% of the issued share capital of the Company as at the date of this announcement.

INTRODUCTION

Reference is made to the announcement of China Shengmu Organic Milk Limited (the “**Company**”) dated 19 April 2022 (the “**Announcement**”) in relation to the Shengmu Long Term Share Award Scheme of the Company adopted on the same day (the “**Share Award Scheme**”). Unless otherwise defined, capitalized terms used in this announcement have the same meanings of those as defined in the Announcement.

The Board is pleased to announce that, in order to motivate the management team and attract outstanding talents to strive for the continuous growth and development of the Group, a total of 95,246,531 Shares (the “**Award Shares**”) have been granted by the Company to a total of 59 middle and senior management personnel of the Group pursuant to the rules of the Share Award Scheme prior to the date of this announcement, representing approximately 1.14 % of the issued share capital of the Company as at the date of this announcement. None of the aforementioned 59 middle and senior management personnel of the Group who have been granted Award Shares is a connected person (as defined in the Listing Rules) of the Company.

In addition, in order to commend Mr. ZHANG Jiawang (“**Mr. Zhang**”), an executive Director of the Company, for his significant contribution to the Group during his tenure and to motivate Mr. Zhang to continue to contribute to the development of the Group, on 30 November 2022, the Board resolved to grant 13,695,580 Award Shares to Mr. Zhang in accordance with the rules of the Share Award Scheme, representing approximately 0.16% of the issued share capital of the Company as at the date of this announcement.

Vesting: Each of the 60 Grantees is required to comply with the rules of the Share Award Scheme, and vesting of the Award Shares is subject to the fulfilment of vesting conditions as specified in the Share Award Scheme and the relevant grant letter. Subject to satisfaction of the vesting conditions, fifty percent (50%) of the 108,942,111 Award Shares shall vest on 20 April 2023 and the remaining fifty percent (50%) shall vest on 20 April 2024. The aforementioned Awards will be satisfied by the existing shares acquired by the Trustee.

As of the date of this announcement, a total of 108,942,111 Award Shares have been granted by the Company to the management personnel of the Group (including an executive Director), representing approximately 1.30% of the issued share capital of the Company as at the date of this announcement. Taking into account the incentive provided to motivate the management team and retain talents for the continuous development of the Group, the Board and the remuneration committee of the Company consider that the Awards are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The grant of Award Shares to Mr. Zhang has been approved by the remuneration committee of the Company and the Board (including the independent non-executive Directors). Mr. Zhang, who is a Grantee, has abstained from voting thereon.

The grant of Award Shares to a Director forms part of his/her remuneration package under his/her letter of appointment with the Company. Accordingly, the grant of Award Shares to Mr. Zhang is exempt from the reporting, announcement and independent shareholders’ approval requirements pursuant to Rules 14A.73(6) and 14A.95 of the Listing Rules.

The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

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

Hong Kong, 30 November 2022

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.