



## 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)

12 December 2022

*To the Independent Shareholders*

Dear Sir or Madam,

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS RAW FRESH MILK SUPPLY FRAMEWORK AGREEMENT**

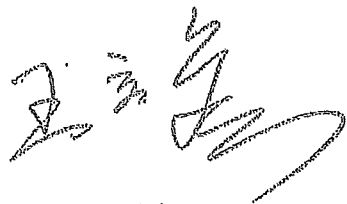
We have been appointed by the Board to advise the Independent Shareholders in connection with the Raw Fresh Milk Supply Framework Agreement, the transactions contemplated under such agreement and the proposed annual caps for such transactions for the three years ending 31 December 2023, 2024 and 2025, details of which are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 12 December 2022 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Somerley has been appointed as the Independent Financial Advisor to advise us and the Independent Shareholders on the Raw Fresh Milk Supply Framework Agreement, the transactions contemplated under such agreement and the proposed annual caps for such transactions for the three years ending 31 December 2023, 2024 and 2025. We wish to draw your attention to the letter from the Board as set out on pages 4 to 15 of the Circular, and the letter from Somerley to us and the Independent Shareholders as set out on pages 18 to 31 of the Circular, which contains its advice and recommendation in respect of the Raw Fresh Milk Supply Framework Agreement and the transactions contemplated thereunder.

Having considered, inter alia, the factors and reasons considered by, and the opinion of, Somerley, as stated in its aforementioned letter, we consider the Raw Fresh Milk Framework Agreement and the transactions contemplated under such agreement are entered into on normal commercial terms and in the ordinary course of business of the Group, are in the interests of the Company and the Shareholders as a whole so far as the Independent Shareholders are concerned, and the terms of the Raw Fresh Milk Framework Agreement and each of its proposed annual caps are fair and reasonable.

Accordingly, we recommend that the Independent Shareholders vote in favour of the relevant ordinary resolution to be proposed at the ECM and thereby approve the Raw Fresh Milk Framework Agreement, the transactions contemplated under such agreement and the proposed annual caps for such transactions for the three years ending 31 December 2023, 2024 and 2025.

Yours faithfully,  
For and on behalf of  
The Independent Board Committee



Wang Liyan  
*Independent non-executive  
Director*



Wu Liang  
*Independent non-executive  
Director*



Sun Yansheng  
*Independent non-executive  
Director*