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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Shengmu Organic Milk Limited (the “Company”), 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 the transferee.

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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)**

**PROPOSED GRANTING OF GENERAL MANDATES  
TO ISSUE NEW SHARES AND TO REPURCHASE SHARES,  
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,  
PROPOSED FINAL DIVIDEND  
AND  
NOTICE OF THE 2023 AGM**

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A notice convening an annual general meeting of the Company to be held at Conference Room, 2/F, Shengmu Building, Shaerqin Industrial Park, Southern District of Ruyi Development New Zone, Tumotezuqi, Hohhot, Inner Mongolia Autonomous Region, PRC at 10:00 a.m. on Thursday, 15 June 2023 is set out on pages 15 to 19 of this circular. A form of proxy for use at the 2023 AGM is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.youjimilk.com](http://www.youjimilk.com)).

Whether or not you are able to attend the 2023 AGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the 2023 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the 2023 AGM or any adjourned meeting thereof if they so wish, in which event your proxy form shall be deemed to be revoked.

27 April 2023

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## DEFINITIONS

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

|                              |  |
|------------------------------|--|
| “2023 AGM”                   | an annual general meeting of the Company to be held at Conference Room, 2/F, Shengmu Building, Shaerqin Industrial Park, Southern District of Ruyi Development New Zone, Tumotezuqi, Hohhot, Inner Mongolia Autonomous Region, PRC on Thursday, 15 June 2023 at 10:00 a.m. to consider and, if appropriate, to approve the resolutions contained in the AGM Notice which is set out on pages 15 to 19 of this circular, or any adjournment thereof |
| “AGM Notice”                 | the notice convening the 2023 AGM set out on pages 15 to 19 of this circular   |
| “Articles”                   | the articles of association of the Company currently in force  |
| “Board”                      | the board of Directors   |
| “Companies Act”              | the Companies Act of the Cayman Islands, as amended from time to time  |
| “Company”                    | China Shengmu Organic Milk Limited (中國聖牧有機奶業有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 11 December 2013 and the shares of which are listed on the Stock Exchange   |
| “Controlling Shareholder(s)” | has the meaning ascribed to it under the Listing Rules   |
| “Director(s)”                | the directors of the Company   |
| “Extension Mandate”          | as defined in paragraph 2(c) of the section headed “Letter from the Board” of this circular  |
| “Group”                      | the Company and its subsidiaries   |
| “Hong Kong”                  | the Hong Kong Special Administrative Region of the PRC   |
| “HK\$”                       | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Issuance Mandate”           | as defined in paragraph 2(a) of the section headed “Letter from the Board” of this circular  |
| “Latest Practicable Date”    | 24 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular  |

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## DEFINITIONS

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| “Listing Rules”                     | the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time        |
| “PRC”                               | the People’s Republic of China   |
| “Repurchase Mandate”                | as defined in paragraph 2(b) of the section headed “Letter from the Board” of this circular              |
| “RMB” or “Renminbi”                 | Renminbi, the lawful currency of the PRC   |
| “Securities and Futures Commission” | the Securities and Futures Commission of Hong Kong   |
| “SFO”                               | the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time |
| “Share(s)”                          | ordinary share(s) of par value HK\$0.00001 each in the issued share capital of the Company               |
| “Shareholder(s)”                    | holder(s) of Share(s)  |
| “Stock Exchange”                    | The Stock Exchange of Hong Kong Limited  |
| “Substantial Shareholder(s)”        | has the meaning ascribed to it under the Listing Rules   |
| “Takeovers Code”                    | The Code on Takeovers and Mergers and Share Buy-backs  |
| “HK\$”                              | Hong Kong dollar, the lawful currency of Hong Kong   |
| “%”                                 | per cent   |

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LETTER FROM THE BOARD

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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)

***Executive Director:***

Mr. ZHANG Jiawang

***Non-executive Directors:***

Mr. LU Minfang (*Chairman*)

Mr. ZHANG Ping

Mr. ZHAO Jiejun

Mr. SUN Qian

Ms. SHAO Lijun

***Independent non-executive Directors:***

Mr. WANG Liyan

Mr. WU Liang

Mr. SUN Yansheng

***Registered office:***

P.O. Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

***Headquarters and principal place of  
business in the PRC:***

Food Industry Park

Deng Kou County

Bayannur City

Inner Mongolia Autonomous Region

PRC

***Principal place of business in Hong Kong:***

Room A, 32nd Floor

COFCO Tower

262 Gloucester Road

Causeway Bay

Hong Kong

27 April 2023

*To the Shareholders,*

Dear Sir or Madam,

**PROPOSED GRANTING OF GENERAL MANDATES  
TO ISSUE NEW SHARES AND TO REPURCHASE SHARES,  
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,  
PROPOSED FINAL DIVIDEND  
AND  
NOTICE OF THE 2023 AGM**

**1. INTRODUCTION**

The purpose of this circular is to provide Shareholders with information in respect of certain resolutions to be proposed at the 2023 AGM for (i) the granting of the Issuance Mandate to the Directors; (ii) the granting of Repurchase Mandate to the Directors; (iii) the granting of Extension Mandate to the Directors; (iv) the re-election of the retiring Directors; (v) proposed final dividend and (vi) the notice of the 2023 AGM.

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## LETTER FROM THE BOARD

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### 2. PROPOSED GRANTING OF THE ISSUANCE MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

The Company's existing mandates to issue and repurchase Shares were approved by the Shareholders pursuant to the ordinary resolutions duly passed at the last annual general meeting on 20 June 2022. Unless otherwise renewed, the existing mandates to issue and repurchase Shares will lapse at the conclusion of the 2023 AGM.

Ordinary resolutions will be proposed at the 2023 AGM to approve the granting of the new general mandates to the Directors that would enable the Company:

- (a) to allot, issue or deal with new Shares not exceeding 20% of the total number of issued Shares as at the date of passing such resolution at the 2023 AGM (the “**Issuance Mandate**”);
- (b) to repurchase Shares, on the Stock Exchange or on any other stock exchange recognized by the Securities and Futures Commission and the Stock Exchange, not exceeding 10% of the total number of issued Shares as at the date of passing such resolution at the 2023 AGM (the “**Repurchase Mandate**”); and
- (c) to extend the Issuance Mandate by an amount representing the total number of Shares repurchased by the Company pursuant to, and in accordance with, the Repurchase Mandate referred to in paragraph (b) above (the “**Extension Mandate**”).

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate. The explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in Appendix I to this circular.

The Issuance Mandate, the Repurchase Mandate and the Extension Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period during which the next annual general meeting of the Company is required by the Articles or the applicable laws of the Cayman Islands to be held; or (c) revocation or variation by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

The Directors have no present immediate plan to exercise the Issuance Mandate, the Repurchase Mandate and the Extension Mandate (if granted to the Directors at the 2023 AGM).

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## LETTER FROM THE BOARD

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### 3. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

Pursuant to Article 16.18, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to Article 16.2 shall not be taken into account in determining which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat.

As such, Mr. Zhang Jiawang, Mr. Sun Qian, and Mr. Wu Liang (“**Mr. Wu**”), shall retire at the 2023 AGM and they, being eligible, offer themselves for re-election at the 2023 AGM.

The Board has received from Mr. Wu an annual confirmation on his independence pursuant to the Listing Rules. The Board is not aware of any circumstance that might influence the independence of Mr. Wu and considers Mr. Wu to be independent. The Board is satisfied that, taking into account, among others, the valuable insights, useful guidance and independent judgment provided to the Board by Mr. Wu, Mr. Wu is of such character, integrity and experience commensurate with office of an independent non-executive Director. Mr. Wu’s professional background, knowledge and experience have also contributed to the diversity of the Board. Based on the above mentioned considerations, the Board, on the recommendation of the nomination committee of the Company, would recommend Mr. Wu for re-election at the 2023 AGM.

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election is subject to shareholders’ approval at that relevant general meeting. The requisite details of the above Directors proposed to be re-elected at the 2023 AGM are set out in Appendix II to this circular.

### 4. RE-APPOINTMENT OF AUDITORS

In accordance with Rule 13.88 of the Listing Rules, an ordinary resolution will be proposed at the 2023 AGM to re-appoint Ernst & Young as the external auditors of the Company to hold office from the conclusion of the 2023 AGM until the next annual general meeting and to authorise the Board to fix its remuneration.

### 5. FINAL DIVIDEND

The Board has recommended a final dividend of HK\$0.0113 per Share to be payable on or about Friday, 30 June 2023 to the Shareholders whose names appear on the register of members of the Company on Monday, 26 June 2023 subject to approval by the Shareholders at the 2023 AGM.

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## LETTER FROM THE BOARD

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### 6. 2023 AGM AND PROXY ARRANGEMENT

A notice convening the 2023 AGM to be held at Conference Room, 2/F, Shengmu Building, Shaerqin Industrial Park, Southern District of Ruyi Development New Zone, Tumotezuqi, Hohhot, Inner Mongolia Autonomous Region, PRC at 10:00 a.m. on Thursday, 15 June 2023 is set out on pages 15 to 19 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the 2023 AGM. An announcement on the poll vote results will be published by the Company after the 2023 AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

You will find enclosed with this circular a form of proxy for use at the 2023 AGM and such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.youjimilk.com](http://www.youjimilk.com)). Whether or not you are able to attend the 2023 AGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, to the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for holding the 2023 AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the 2023 AGM or any adjourned meeting thereof if you so wish, in which event your proxy form shall be deemed to be revoked.

### 7. RECOMMENDATION

The Directors consider that the granting of the Issuance Mandate, the Repurchase Mandate, the Extension Mandate, the recommendation of final dividend, and the re-election of the retiring Directors are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders vote in favour of the relevant resolutions as set out in the AGM Notice.

### 8. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (i) For the purpose of determining Shareholders' entitlements to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Monday, 12 June 2023 to Thursday, 15 June 2023 (both days inclusive), during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2023 AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 9 June 2023.



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## LETTER FROM THE BOARD

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- (ii) For the purpose of determining Shareholders' entitlements to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 21 June 2023 to Monday, 26 June 2023 (both days inclusive), during which period no transfer of Shares will be effected. In order to be eligible for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at the same address as set out above not later than 4:30 p.m. on Tuesday, 20 June 2023.

### 9. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular: Appendix I — Explanatory Statement on the Repurchase Mandate; and Appendix II — Details of the Retiring Directors Proposed to be Re-elected at the 2023 AGM.

### 10. 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 Company. 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.

Yours faithfully,  
By Order of the Board  
**China Shengmu Organic Milk Limited**  
**LU Minfang**  
*Chairman*

The following is an explanatory statement required by the Listing Rules to be sent to Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the 2023 AGM in relation to the granting of the Repurchase Mandate.

### **1. REASON FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Company to repurchase Shares on the Stock Exchange or any other stock exchange recognized by the Securities and Futures Commission and the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

The Directors are seeking the granting of the Repurchase Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 8,381,295,229 Shares.

Subject to the passing of the ordinary resolution set out in item 7 of the AGM Notice of the 2023 AGM in respect of the granting of the Repurchase Mandate and on the basis that the issued share capital of the Company as at the Latest Practicable Date remains unchanged up to the date of the 2023 AGM, i.e. being 8,381,295,229 Shares, the Directors would be authorized to exercise the Repurchase Mandate to repurchase, during the period in which the Repurchase Mandate remains in force, a maximum of 838,129,522 Shares, being 10% of the total number of issued shares of the Company as at the date of the 2023 AGM.

### **3. FUNDING AND IMPACT OF REPURCHASES**

Any repurchase will be funded from the Company's internal resources, which shall be funds legally available for such purpose in accordance with the Articles, the Listing Rules, the applicable laws of the Cayman Islands and/or any other applicable laws, as the case may be.

Under the Cayman Islands law, any repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose or, if authorized by the Articles and subject to the Companies Act, out of capital. Any premium payable on a redemption or purchase over the par value of the shares to be repurchased must be provided for out of profits or the share premium account of the Company or, if authorized by the Articles and subject to the Companies Act, out of capital. In accordance with the laws of the Cayman Islands, the shares repurchased would be treated as cancelled.

As compared with the financial position of the Company as at 31 December 2022 (being the date to which the latest audited accounts of the Company have been made up), the Directors consider that there might be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period.

The Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert (as that term is defined in the Takeovers Code), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Start Great Holdings Limited ("**Start Great**") (which is controlled by China Mengniu Dairy Company Limited) owned 2,513,178,555 Shares (approximately 29.99% of the issued share capital of the Company). In the event that the Repurchase Mandate was exercised in full, the interest of Start Great would be increased from approximately 29.99% to approximately 33.32%. Such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not intend to exercise the power to repurchase Shares to an extent which would render any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

In addition, the Directors have no intention to exercise the Repurchase Mandate to such an extent that results in a public shareholding of less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the Shares in public hands.

**5.    LISTING RULES RELATING TO REPURCHASE OF SHARES**

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the Company are listed where such exchange is recognized by the Securities and Futures Commission and the Stock Exchange subject to certain restrictions.

The Listing Rules provide that all proposed repurchases of shares must be approved by shareholders in advance by an ordinary resolution at a general meeting, either by way of a general repurchase mandate or specific approval of a particular transaction and that the shares to be repurchased must be fully paid up.

**6.    UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases of Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and the Articles.

**7.    DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS**

None of the Directors nor, to the best knowledge and belief of the Directors having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules) have any present intention, in the event that the proposed Repurchase Mandate is granted, to sell Shares to the Company. No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company, or that he has undertaken not to sell any of the Shares held by him to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

**8.    SHARE REPURCHASE MADE BY THE COMPANY**

The Company had not purchased any Shares (whether on the Stock Exchange or otherwise) during the six months preceding the Latest Practicable Date.

**9.    SHARE PRICES**

The highest and lowest prices of the Shares during each of the twelve months preceding the Latest Practicable Date were as follows:

| <b>Month</b>                              | <b>Share Price (Per Share)</b> |               |
|---|--------------------------------|---------------|
|   | <b>Highest</b>                 | <b>Lowest</b> |
|   | <i>HK\$</i>                    | <i>HK\$</i>   |
| <b>2022</b>                               |                                |               |
| April                                     | 0.400                          | 0.345         |
| May                                       | 0.370                          | 0.350         |
| June                                      | 0.435                          | 0.350         |
| July                                      | 0.460                          | 0.370         |
| August                                    | 0.390                          | 0.330         |
| September                                 | 0.420                          | 0.295         |
| October                                   | 0.360                          | 0.255         |
| November                                  | 0.355                          | 0.265         |
| December                                  | 0.355                          | 0.315         |
| <b>2023</b>                               |                                |               |
| January                                   | 0.355                          | 0.320         |
| February                                  | 0.365                          | 0.310         |
| March                                     | 0.325                          | 0.275         |
| April (up to the Latest Practicable Date) | 0.340                          | 0.305         |

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## APPENDIX II DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE 2023 AGM

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The biographical details of the Directors proposed to be retired and be re-elected at the 2023 AGM are set out as follows:

### 1. Zhang Jiawang (張家旺) (“Mr. Zhang”)

Mr. Zhang, aged 44, is an executive Director and chief executive officer of the Company and is also a member of the Strategic and Sustainability Committee. Mr. Zhang was a non-executive Director of the Company from 26 September 2016 to 29 June 2018. He was appointed to our Board as an executive Director on 25 January 2019.

Mr. Zhang joined Beijing Dabeinong Technology Group Co., Ltd. (北京大北農科技集團股份有限公司) in August 2001 and has held various positions, including outreach director, president’s assistant, development and investment manager, manager of strategy and development, and vice president since then. Mr. Zhang received his bachelor’s degree from Inner Mongolia Agricultural University (內蒙古農業大學) in July 2001, majoring in horticulture and his executive master of business administration from Renmin University of China (中國人民大學) in January 2010.

The Company has entered into a service contract with Mr. Zhang for a term of three years commencing from 25 January 2022. Mr. Zhang is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles.

Mr. Zhang is entitled to a director fee, salary and retirement benefits scheme contributions. The emoluments paid to Mr. Zhang for the year ended 31 December 2022 is RMB5,496,000. Mr. Zhang is also entitled to participate in the share option scheme and share award scheme of the Company. Mr. Zhang has also received a share based payment of RMB2,475,000 during the year ended 31 December 2022.

The emoluments of Mr. Zhang have been determined with reference to his role and duties, performance and responsibilities as well as the prevailing market conditions and are subject to revision in future by the decision of the Board based on the recommendation of the Company’s remuneration committee.

As far as the Directors are aware, within the meaning of Part XV of the SFO, as at the Latest Practicable Date, Mr. Zhang has beneficial interests in 164,391,580 Shares (including 19,413,790 awarded Shares granted but not yet vested under the share award scheme of the Company), representing approximately 1.96% of the issued share capital of the Company as at the Latest Practicable Date.

Save as disclosed above, Mr. Zhang (i) has not held any other positions in the Company and its subsidiaries, and does not have any relationships with any Directors, senior management members or Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries; (ii) has not held any other directorships in other public companies the securities of which are listed on any securities market in the last three years; (iii) does not have any interest in the Shares within the meaning of Part XV of the SFO; and (iv) there are no other matters that need to be brought to the attention of the Shareholders in relation to his re-election and that no other information needs to be disclosed under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.

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## APPENDIX II DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE 2023 AGM

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### 2. Sun Qian (孫謙) (“Mr. Sun”)

Mr. Sun, aged 49, is a non-executive Director of the Company. He was appointed to the Board on March 26, 2014 and he is a member of the Strategic and Sustainability Committee. Mr. Sun currently is a partner of Sequoia Capital China. Mr. Sun received a bachelor’s degree in applied mathematics from Harvard University in the United States in June 1997, a master’s degree in business administration from Harvard University and a juris doctor’s degree from Harvard Law School in the United States both in June 2003.

Mr. Sun was a director of Bona Film Group Limited (principally engaged in film distribution business), a company listed on NASDAQ (delisted from NASDAQ on 8 April 2016), from 2007 to 2011 and a director of BIT Mining Limited (formerly known as 500.com Limited) (principally engaged in cryptocurrency mining), a company listed on the New York Stock Exchange (NYSE: BTCM), since October 2013. Mr. Sun was a director of CooTek (Cayman) Inc. (delisted from the New York Stock Exchange on 16 June 2022), a company with input method being its core business, since July 2014. From December 2013 to June 2016, Mr. Sun was a non-executive director of Dongpeng Holdings Company Limited, a company listed on the Stock Exchange (delisted from the Stock Exchange on 22 June 2016) and since October 2020, he has been a director of Dongpeng Holdings Company Limited listed on the Shenzhen Stock Exchange (SZ.003012).

Pursuant to the Director’s service contract entered into between the Company and Mr. Sun, his initial current term of office is for a period of three years commencing from the date of appointment and shall be automatically renewed upon expiry, unless terminated by either party giving to the other not less than three months’ prior notice in writing. Mr. Sun is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles. Pursuant to his service contract, Mr. Sun is not entitled to any director fee, subject to revision in future by the decision of the Board based on the recommendation of the Company’s remuneration committee.

Save as disclosed above, Mr. Sun (i) has not held any other positions in the Company and its subsidiaries, and does not have any relationships with any Directors, senior management members or Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries; (ii) has not held any other directorships in other public companies the securities of which are listed on any securities market in the last three years; (iii) does not have any interest in the Shares within the meaning of Part XV of the SFO; and (iv) there are no other matters that need to be brought to the attention of the Shareholders in relation to his re-election and that no other information needs to be disclosed under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.

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## APPENDIX II DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE 2023 AGM

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### 3. Wu Liang (吳亮) (“Mr. Wu”)

Mr. Wu, aged 53, was appointed as an independent non-executive Director of the Company on 22 December 2020 and also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. He is currently a distinguished professor of Tongji University and the executive dean of the National Research Institute of Modernization of Tongji University (同濟大學國家現代化研究院).

Mr. Wu joined Xinhua News Agency (新華社) in 1993 and served in various entities of Xinhua News Agency for over 25 years. He successively worked as the chief of the economic segment and a member of the editorial board of the Outlook Weekly of Xinhua News Agency (新華社瞭望週刊社), the executive vice chief editor and the executive chief editor of the Financial National Weekly (財經國家週刊), the chairman and the chief executive officer of Outlook Think Tank (瞭望智庫) between 2006 and 2018. Mr. Wu graduated from Shandong University (山東大學) with a bachelor’s degree in chemistry in 1993 and also obtained his bachelor’s degree in journalism from China Journalism Academy (中國新聞學院) in 1998.

The Company has entered into a service contract with Mr. Wu for a term of three years commencing from 22 December 2020. Mr. Wu is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles. Mr. Wu is entitled to a fixed director fee of RMB200,000 per annum and no other benefits or emoluments. The emoluments of Mr. Wu have been determined with reference to his role and duties, performance and responsibilities as well as the prevailing market conditions and are subject to revision in future by the decision of the Board based on the recommendation of the Company’s remuneration committee.

Save as disclosed above, Mr. Wu (i) has not held any other positions in the Company and its subsidiaries, and does not have any relationships with any Directors, senior management members or Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries; (ii) has not held any other directorships in other public companies the securities of which are listed on any securities market in the last three years; (iii) does not have any interest in the Shares within the meaning of Part XV of the SFO; and (iv) there are no other matters that need to be brought to the attention of the Shareholders in relation to his re-election and that no other information needs to be disclosed under the provisions of Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules.



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## NOTICE OF THE 2023 AGM

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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)**

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “**Meeting**”) of China Shengmu Organic Milk Limited (the “**Company**”) will be held at 10:00 a.m. on Thursday, 15 June 2023 at Conference Room, 2/F, Shengmu Building, Shaerqin Industrial Park, Southern District of Ruyi Development New Zone, Tumotezuqi, Hohhot, Inner Mongolia Autonomous Region, PRC for considering and, if thought fit, passing with or without amendments, the following resolutions as resolutions of the Company:

### ORDINARY RESOLUTIONS

1. To receive, consider and adopt the audited consolidated financial statements of the Company and the reports of the directors of the Company (the “**Directors**”) and auditors of the Company for the year ended 31 December 2022.
2. To approve the proposed final dividend of HK\$0.0113 per share for the year ended 31 December 2022.
3. To re-appoint Ernst & Young as auditors of the Company and the board of Directors (the “**Board**”) be authorized to fix their remuneration.
4.
  - (a) To re-elect Mr. Zhang Jiawang as an executive Director.
  - (b) To re-elect Mr. Sun Qian as a non-executive Director.
  - (c) To re-elect Mr. Wu Liang as an independent non-executive Director.
5. To authorize the Board to fix the respective Directors’ remuneration.
6. “**THAT:**
  - (a) subject to paragraph (c) of this resolution below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorized and unissued shares of the Company (the “**Shares**”) and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
  - (b) the Directors be and are hereby authorized during the Relevant Period to make or grant offers, agreements and options which might or would require the exercise of such powers (including but not limited to the power to allot, issue and deal with additional Shares) during or after the end of the Relevant Period;

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## NOTICE OF THE 2023 AGM

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- (c) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraphs (a) and (b) of this resolution above, otherwise than pursuant to:
- (i) a Rights Issue (as defined below);
  - (ii) the exercise of the outstanding conversion rights attached to any convertible securities issued by the Company, which are convertible into Shares;
  - (iii) the exercise of any options granted under the share option scheme(s) adopted by the Company or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to subscribe for Shares; or
  - (iv) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend in accordance with the articles of association of the Company (the “**Articles**”) from time to time,

shall not exceed 20% of the total number of issued Shares as at the date of passing this resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the Articles to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of Shares or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register of members on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange).”

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## NOTICE OF THE 2023 AGM

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7. **“THAT:**

- (a) subject to paragraph (c) of this resolution below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange, subject to and in accordance with the applicable laws, rules and regulations, be and is hereby, generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution above shall be in addition to any other authorization given to the Directors and shall authorize the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its Shares at a price determined by the Directors;
- (c) the total number of Shares to be repurchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of issued Shares as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

**“Relevant Period”** means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the Articles to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

8. **“THAT** conditional upon the passing of the ordinary resolutions 6 and 7 as set out in this notice convening the Meeting (the “**Notice**”), the general mandate granted to the Directors pursuant to ordinary resolution 6 as set out in the Notice be and is hereby extended by the addition thereto of an amount representing the total number of Shares repurchased by the Company under the authority granted pursuant to ordinary resolution 7 as set out in this Notice, provided that such amount shall not exceed 10% of the total number of issued Shares as at the date of passing this resolution.”

By Order of the Board  
**China Shengmu Organic Milk Limited**  
**LI Kwok Fat**  
*Company Secretary*

Hong Kong, 27 April 2023

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*As at the date of this notice, the Board comprises Mr. Zhang Jiawang, as executive Director; Mr. Lu Minfang, Mr. Zhang Ping, Mr. Zhao Jiejun, Mr. Sun Qian and Ms. Shao Lijun, as non-executive Directors; Mr. Wang Liyan, Mr. Wu Liang and Mr. Sun Yansheng, as independent non-executive Directors.*

*Notes:*

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. In order to be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the Meeting and, in such event, the form of proxy shall be deemed to be revoked.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned Meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
5. Where there are joint holders of any Shares, any one of such joint holders may vote at the Meeting, 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 be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. To ascertain shareholders' eligibility to attend and vote at this Meeting, the register of members of the Company will be closed from Monday, 12 June 2023 to Thursday, 15 June 2023 (both days inclusive), during which period no share transfer will be effected. In order to qualify for attending and voting at the annual general meeting, unregistered holders of Shares should ensure that all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 9 June 2023.

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To ascertain shareholders' eligibility for the proposed final dividend, the register of members of the Company will be closed from Wednesday, 21 June 2023 to Monday, 26 June 2023 (both days inclusive), during which period no share transfer will be effected. In order to qualify for the proposed final dividend, unregistered holders of Shares should ensure that all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 20 June 2023.

7. An explanatory statement containing the information necessary to enable the members to make an informed decision as to whether to vote for or against the ordinary resolution 7 as set out in the Notice is set out in Appendix I to the circular of the Company dated 27 April 2023 to its shareholders.
8. Details of the retiring Directors proposed to be re-elected as Directors at the Meeting are set out in Appendix II to the circular of the Company dated 27 April 2023 to its shareholders.
9. A form of proxy for use at the Meeting is enclosed.