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MODERN FARMING
现代牧业

China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1117)

ANNOUNCEMENT

- (1) CONDITIONAL AGREEMENTS IN RELATION TO
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CHINA SHENGMU ORGANIC MILK LIMITED**
- (2) GRANT OF IRREVOCABLE VOTING PROXY BY START GREAT IN
FAVOUR OF CHINA MODERN DAIRY HOLDINGS LTD.**
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BY CLSA LIMITED
FOR AND ON BEHALF OF CHINA MODERN DAIRY HOLDINGS LTD.
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA SHENGMU ORGANIC MILK LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY CHINA MODERN DAIRY HOLDINGS LTD. AND START GREAT)**
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AND**
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CHINA MODERN DAIRY HOLDINGS LTD.**

Exclusive Financial adviser to CMD



CITIC Securities (Hong Kong) Limited

Independent Financial Adviser to the CMD Independent Board Committee



SOMERLEY CAPITAL LIMITED

THE SHARE PURCHASE AGREEMENTS

On 30 October 2025 (after trading hours), each Selling Shareholder and CMD entered into a Share Purchase Agreement, pursuant to which the relevant Selling Shareholder conditionally agreed to sell, and CMD conditionally agreed to purchase, the respective Sale Shares held by such Selling Shareholder. The aggregate number of Sale Shares is 107,200,000 CSM Shares (representing approximately 1.28% of the total issued share capital of CSM as at the date of this announcement), and the total Consideration amounted to HK\$37,520,000 in cash.

The SPA Completion under each Share Purchase Agreement is subject to and conditional upon certain conditions being satisfied or (if capable of being waived) waived on or prior to the Long Stop Date, including but not limited to compliance by CMD with all the applicable requirements to the transactions contemplated under the Share Purchase Agreements and the Offer as a major transaction and connected transaction in accordance with the Listing Rules.

GRANT OF IRREVOCABLE VOTING PROXY BY START GREAT IN FAVOUR OF CMD

On 30 October 2025 (after trading hours), CMD, Start Great and Mengniu entered into the Voting Rights Agreement, pursuant to which Start Great has irrevocably granted a proxy in favour of CMD to exercise the voting rights over 2,086,942,512 CSM Shares held by it (representing approximately 24.90% of the total issued share capital of CSM as at the date of this announcement). As at the date of this announcement, Start Great holds approximately 29.99% of the total issued share capital of CSM and the number of CSM Shares forming the subject of the Voting Rights Agreement has been determined following arms' length negotiations between the parties.

In addition, Start Great has irrevocably waived and committed not to exercise the voting rights with regards to all remaining CSM Shares held by it, save for matters, decisions or actions that would or would likely result in the winding up, liquidation, amalgamation, merger of CSM, the change of principal business of CSM, the repurchase or cancellation of any CSM Shares held by Start Great, or any matters that relate to or may affect the economic rights attached to any CSM Shares held by Start Great.

The Voting Rights Agreement shall take effect upon signing. However, pursuant to the terms of the Voting Rights Agreement, CMD agreed not to exercise the voting rights attached to the Proxy Shares without the prior written consent of Mengniu during the period between the date of the Voting Rights Agreement and the date of the Relevant Determination (or the date of termination of the Voting Rights Agreement in accordance with paragraphs (a) to (c) of the section headed "Grant of Irrevocable Voting Proxy by Start Great in favour of CMD" in this announcement).

The Voting Rights Agreement shall terminate upon the occurrence of certain events, the details of which are set out in the section headed “Grant of Irrevocable Voting Proxy by Start Great in favour of CMD” in this announcement.

POSSIBLE MANDATORY CONDITIONAL CASH OFFER ON CSM

As at the date of this announcement, CMD and parties acting in concert with it own 2,513,178,555 CSM Shares, representing approximately 29.99% of the total issued share capital of CSM. Immediately following the SPA Completion under any of the Share Purchase Agreements, CMD and parties acting in concert with it will hold in aggregate 30% or more of the total issued share capital of CSM. CMD will therefore, subject to and upon the SPA Completion under any of the Share Purchase Agreements, be required under Rule 26.1 of the Takeovers Code to make an Offer for all the Offer Shares, being all the issued CSM Shares not already owned or agreed to be acquired by CMD and Start Great.

Upon the SPA Completion under any of the Share Purchase Agreements, CLSA Limited, on behalf of CMD and in compliance with the Takeovers Code, will make the Offer on the terms to be set out in the Offer Document to be issued in accordance with the Takeovers Code on the following basis:

Offer Price for each Offer Share HK\$0.35 in cash

The Offer will be made to the Offer Shareholders. As CMD and Start Great will hold in aggregate 2,620,378,555 CSM Shares immediately after the SPA Completion under all Share Purchase Agreements, assuming there are no further changes in the issued share capital of CSM from the date of this announcement up to and including the close of the Offer, 5,760,916,674 CSM Shares will be subject to the Offer. Based on the Offer Price of HK\$0.35 per Offer Share, the maximum consideration payable by CMD under the Offer would be HK\$2,016,320,835.9.

The Offer will be conditional only upon valid acceptances of the Offer being received (and not, where permitted, withdrawn) on or before 4:00 p.m. on the Closing Date (or such later time or date as CMD may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which, together with the CSM Shares already acquired or held by CMD and the parties acting in concert with it after the SPA Completion and before the Offer, would result in CMD and the parties acting in concert with it holding more than 50% of the voting rights of CSM as at the Closing Date.

If the condition cannot be satisfied by the Closing Date, the Offer will lapse.

DESPATCH OF THE OFFER DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offer Document setting out, among others, (i) further details of the Offer; and (ii) the relevant form(s) of acceptance and transfer, will be despatched to the CSM Shareholders no later than twenty-one (21) days after the date of this announcement or such later date as the Executive may approve. As the making of the Offer is subject to the SPA Completion, an application will be made to the Executive under Rule 8.2 of the Takeovers Code for the Executive's consent to extend the deadline for the despatch of the Offer Document. Further announcement(s) regarding the despatch of the Offer Document will be made by CMD as and when appropriate.

LISTING RULES IMPLICATIONS FOR CMD, ESTABLISHMENT OF THE CMD INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE CMD INDEPENDENT FINANCIAL ADVISER

Assuming the SPA Completion takes place and all of the Offer Shareholders tender their Offer Shares for acceptance under the Offer, as the applicable percentage ratios in respect of the transactions contemplated under the Share Purchase Agreements and the Offer taken together, calculated pursuant to Rule 14.07 of the Listing Rules, exceed 25% but are less than 100%, the transactions contemplated under the Share Purchase Agreements and the Offer taken together constitute a major transaction of CMD. Such transactions are therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, Mengniu, the controlling shareholder of CMD, indirectly holds approximately 29.99% in the total issued share capital of CSM through its wholly-owned subsidiary, Start Great. Given that Mengniu is a "controller" of CMD (within the meaning of Rule 14A.28 of the Listing Rules) and is also an indirect substantial shareholder of CSM, the Acquisition and the Offer constitute a connected transaction of CMD under Rule 14A.28 of the Listing Rules, and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The CMD Independent Board Committee, comprising Mr. Li Shengli, Mr. Lee Kong Wai, Conway, and Mr. Chow Ming Sang (each being an independent non-executive director of CMD), has been established for the purposes of making recommendations to the CMD Independent Shareholders in relation to the Acquisition and the Offer under the Listing Rules.

Somerley Capital Limited, the CMD Independent Financial Adviser, has been appointed by CMD for the purposes of advising the CMD Independent Board Committee and the CMD Independent Shareholders in relation to the Acquisition and the Offer.

In addition, according to Rule 2.4 of the Takeovers Code, the board of an offeror must obtain competent independent advice on any offer when the directors are faced with a conflict of interest. Pursuant to Note 3 to Rule 2.4 of the Takeovers Code, a conflict of interest exists in the Offer given that Mengniu is the controlling shareholder of CMD and substantial shareholder of CSM, and there are certain overlapping directors of CMD and CSM. The CMD Independent Financial Adviser has been appointed by the CMD Board to provide its independent advice on the conflict of interest arising from the Offer, and has indicated that it considers that the Offer is in the interest of the CMD Shareholders on the basis as set out in the section headed “Listing Rules Implications for CMD, Establishment of the CMD Independent Board Committee and Appointment of the CMD Independent Financial Adviser” in this announcement.

CMD will convene the CMD EGM for the CMD Shareholders to consider and, if thought fit, approve the transactions contemplated under the Share Purchase Agreements and the Offer.

WARNING

Shareholders and potential investors of CMD and CSM should note that the Offer is a possible mandatory conditional cash offer and will only be made if the SPA Completion takes place. As the SPA Completion is subject to the satisfaction or (if capable of being waived) waiver of the conditions precedent as set out in the section headed “Conditions of the Share Purchase Agreements” in this announcement, the SPA Completion may or may not take place and the Offer may or may not be made.

Shareholders and potential investors of CMD and CSM are advised to exercise caution when dealing in the respective shares of CMD and CSM. Further announcement(s) will be made by CMD when the SPA Completion takes place. If shareholders and potential investors of CMD and CSM are in any doubt about their position, they should consult their professional advisers.

CMD announces that, on 30 October 2025 (after trading hours), each Selling Shareholder and CMD entered into a Share Purchase Agreement, pursuant to which the relevant Selling Shareholder conditionally agreed to sell, and CMD conditionally agreed to purchase, the respective Sale Shares held by such Selling Shareholder. The aggregate number of Sale Shares is 107,200,000 CSM Shares (representing approximately 1.28% of the total issued share capital of CSM as at the date of this announcement), and the total Consideration amounted to HK\$37,520,000 in cash.

THE SHARE PURCHASE AGREEMENTS

Set out below are the details of the Share Purchase Agreements:

Date:

30 October 2025 (after trading hours)

Parties:

CMD (as purchaser) and each of the Selling Shareholders (as seller, the details of which are set out below)

Subject of the Share Purchase Agreements

Pursuant to the terms and conditions of the Share Purchase Agreement:

- (a) each Selling Shareholder conditionally agreed to sell, and CMD conditionally agreed to acquire, the Sale Shares held by such Selling Shareholder; and
- (b) the Sale Shares will be acquired by CMD free from all encumbrances and together with all rights and benefits attached and accrued to them on or after the SPA Completion Date.

Set out below are the details of the Selling Shareholders, the number of Sale Shares to be sold by such Selling Shareholder, and the Consideration payable to such Selling Shareholder under the respective Share Purchase Agreement:

Selling Shareholders	Number of Sale Shares	Percentage represented by such Sale Shares in the issued share capital of CSM (Note)	Consideration per Sale Share (HK\$)	Total Consideration (HK\$)
SMbeidou	50,000,000	0.60	0.35	17,500,000
SMhateng	7,200,000	0.09	0.35	2,520,000
SMwuxing	50,000,000	0.60	0.35	17,500,000
Total	<u>107,200,000</u>	<u>1.28</u>		<u>37,520,000</u>

Note: The percentage figures are calculated on the basis of 8,381,295,229 CSM Shares in issue based on public information available to CMD as at the date of this announcement. The percentage figures are subject to rounding adjustments and, accordingly, figures shown in total in the above table may not be an arithmetic aggregation of the figures preceding them.

The respective purchase price for the relevant Sale Shares was agreed after arm's length negotiations between CMD and each Selling Shareholder.

CMD will settle the Consideration in cash in Hong Kong dollars at the SPA Completion in one lump sum.

Conditions of the Share Purchase Agreements

The SPA Completion under each Share Purchase Agreement is subject to and conditional upon the following conditions being satisfied or (if capable of being waived) waived on or prior to the Long Stop Date:

- (a) the (i) obtaining of the antitrust clearance from the SAMR or (ii) expiry of any statutory waiting period in accordance with the anti-monopoly laws and regulations in the PRC with no objection having been raised by the SAMR, each in respect of the transactions contemplated under the Share Purchase Agreements and the Offer;
- (b) each of the representations and warranties provided by the Selling Shareholders under the Share Purchase Agreements remaining true and accurate in all respects;
- (c) each of the representations and warranties provided by CMD under the Share Purchase Agreements remaining true and accurate in all respects;
- (d) the SFC (and if applicable, the Stock Exchange) having no further comment on this announcement to be released in connection with the transactions contemplated under the Share Purchase Agreements and the Offer; and
- (e) compliance by CMD with all the applicable requirements to the transactions contemplated under the Share Purchase Agreements and the Offer as a major transaction and connected transaction in accordance with the Listing Rules, including but not limited to the obtaining of the requisite approvals by the CMD Independent Shareholders.

The conditions set out in paragraphs (a), (d) and (e) above are non-waivable. The condition set out in paragraph (b) above may be waived by CMD, and the condition set out in paragraph (c) may be waived by the Selling Shareholders, in whole or in part, by written notice to the other party.

Based on information available to CMD, the statutory waiting period in accordance with the anti-monopoly laws and regulations in the PRC as referred to in the condition as set out in paragraph (a) above is up to one hundred eighty (180) days. Such period may be shortened or further extended in accordance with the Anti-Monopoly Law of the PRC.

Based on information available to CMD (including publicly available information on the CSM Group) as at the date of this announcement, other than the approvals or consents as set out in the conditions to the SPA Completion under each Share Purchase Agreement as set out above, CMD is not aware of any approval or consent required by CMD for the Acquisition and the Offer.

At the date of this announcement, save for the condition set out in paragraph (d) above, none of the other conditions under each Share Purchase Agreement as set out above is satisfied or (if capable of being waived) waived.

Termination of the Share Purchase Agreements

At any time prior to the SPA Completion Date, each Share Purchase Agreement may be terminated upon the occurrence of any of the following events:

- (a) the conditions, as set out in the section headed “Conditions of the Share Purchase Agreements” above, are not satisfied or (if capable of being waived) waived on or before 5:00 p.m. on the Long Stop Date, in which case the Share Purchase Agreement shall automatically terminate;
- (b) by the other non-defaulting party, if CMD or the relevant Selling Shareholder(s) (as the case may be) fails to comply with its completion obligations under the Share Purchase Agreement;
- (c) by mutual written consent between CMD and the relevant Selling Shareholder(s);
- (d) by written notice from CMD, if any of the representations or warranties given by the relevant Selling Shareholder(s) under the Share Purchase Agreement is false, inaccurate or misleading in any material respect; or
- (e) by written notice from the relevant Selling Shareholder(s), if any of the representations or warranties given by CMD under the Share Purchase Agreement is false, inaccurate or misleading in any material respect.

If any of the Share Purchase Agreements is terminated under any of the circumstances set out above, such termination shall be without liability on the part of any party under the relevant Share Purchase Agreement, provided however that (i) certain boilerplate provisions shall continue in full force following the termination of such Share Purchase Agreement; and (ii) the termination of such Share Purchase Agreement shall be without prejudice to the rights of any party under such Share Purchase Agreement against the other party(ies) for any breach of such Share Purchase Agreement accrued prior to such termination.

Completion of the Acquisition

Subject to satisfaction or (if capable of being waived) waiver of all the conditions set out in the section headed “Conditions of the Share Purchase Agreements” above, the SPA Completion under each Share Purchase Agreement shall take place on the SPA Completion Date.

For the avoidance of doubt, completion under any Share Purchase Agreement is not conditional upon the completion under any other Share Purchase Agreements having occurred.

GRANT OF IRREVOCABLE VOTING PROXY BY START GREAT IN FAVOUR OF CMD

On 30 October 2025 (after trading hours), CMD, Start Great and Mengniu entered into the Voting Rights Agreement, pursuant to which Start Great has irrevocably granted a proxy in favour of CMD to exercise the voting rights over 2,086,942,512 CSM Shares held by it (representing approximately 24.90% of the total issued share capital of CSM as at the date of this announcement). As at the date of this announcement, Start Great holds approximately 29.99% of the total issued share capital of CSM and the number of CSM Shares forming the subject of the Voting Rights Agreement has been determined following arms’ length negotiations between the parties.

In addition, Start Great has irrevocably waived and committed not to exercise the voting rights with regards to all the remaining CSM Shares held by it (i.e. other than the Proxy Shares), save for matters, decisions or actions that would or would likely result in the winding up, liquidation, amalgamation, merger of CSM, the change of principal business of CSM, the repurchase or cancellation of any CSM Shares held by Start Great, or any matters that relate to or may affect the economic rights attached to any CSM Shares held by Start Great.

The Voting Rights Agreement shall take effect upon signing. However, pursuant to the terms of the Voting Rights Agreement, CMD agreed not to exercise the voting rights attached to the Proxy Shares without the prior written consent of Mengniu during the period between the date of the Voting Rights Agreement and the date of the Relevant Determination (or the date of termination of the Voting Rights Agreement in accordance with paragraphs (a) to (c) below).

The Voting Rights Agreement shall terminate upon the occurrence of any of the following events:

- (a) upon the termination or expiry of all Share Purchase Agreements by reason of the SPA Completion failing to take place on the SPA Completion Date;
- (b) if CMD determines that insufficient CSM Shares are held by CMD to enable CMD to consolidate CSM as its subsidiary, in which case the Voting Rights Agreement shall be terminated immediately on the business day following such date CMD determines it is unable to consolidate CSM as its subsidiary. Such Relevant Determination may be made on the Closing Date and shall in any event be made within 3 months after the Closing Date, failing which paragraph (c) below shall apply; or
- (c) if the Relevant Determination is not made within 3 months after the Closing Date, the date falling 3 months after the Closing Date,

and in each case, the Irrevocable Voting Proxy under the Voting Rights Agreement shall lapse accordingly.

The Relevant Determination shall be made in accordance with the prevailing applicable accounting standards and is expected to be made by CMD no later than 3 months after the Closing Date.

Based on information currently available to CMD as at the date of this announcement, and subject to the prevailing accounting standards as at the Closing Date, taking into account the Proxy Shares under the Voting Rights Agreement, it is expected that CMD will be able to consolidate CSM as its subsidiary if the SPA Completion under all of the Share Purchase Agreements take place and the Offer becomes unconditional.

In addition, upon (i) the expiry of ten (10) years from the date of the Voting Rights Agreement or (ii) Mengniu ceasing to be the single largest CMD Shareholder, CMD shall have the right (but not the obligation) to acquire the Proxy Shares from Start Great on such terms and conditions as may be further agreed among CMD, Start Great and Mengniu. If CMD, Start Great and Mengniu fail to agree on such terms within ninety (90) days of the occurrence of (i) or (ii), or if the said acquisition does not complete within the period prescribed in the relevant transaction documents to be entered into in connection with the acquisition of the Proxy Shares, Start Great or Mengniu (as the case may be) may terminate the Voting Rights Agreement by written notice to CMD.

Further, upon closing of the Offer, if CMD determines that more voting rights in respect of the Proxy Shares have been proxied by Start Great in favour of CMD than is necessary to enable CMD to consolidate CSM as a subsidiary, the Irrevocable Voting Proxy in respect of such excess voting rights shall lapse accordingly. In addition, CMD has irrevocably undertaken to take such action to nominate at least one director designated by Mengniu to, and ensure at least one director designated by Mengniu to remain on, the board of directors of CSM at all times until the termination of the Voting Rights Agreement.

Further announcement(s) will be made in the event of termination or lapse of the Irrevocable Voting Proxy if and when appropriate in accordance with the requirements of the Takeovers Code and the Listing Rules.

Pursuant to the terms of the Voting Rights Agreement, Start Great has undertaken not to, and Mengniu has agreed to procure Start Great not to, sell, transfer, pledge, assign or otherwise dispose of any of the Proxy Shares held by Start Great without the prior written consent of CMD, except: (i) for tendering acceptance in a general offer or scheme of arrangement by any party in respect of the Proxy Shares; (ii) in the event that CMD proposes to dispose of any CSM Shares such that CMD will hold less than 15% in the total issued share capital of CSM after such disposal; and (iii) in the event that Start Great or Mengniu (as the case may be) receives an offer from any prospective purchaser(s) to acquire all or part of the Proxy Shares, CMD does not exercise its right of first refusal within 90 days after receipt of the notice from Start Great or Mengniu; and in each case, the Irrevocable Voting Proxy granted to CMD and attached to the Proxy Shares to be sold, transferred or disposed of shall terminate and cease to be valid.

POSSIBLE MANDATORY CONDITIONAL CASH OFFER ON CSM

The Offer

As at the date of this announcement, CMD and parties acting in concert with it own 2,513,178,555 CSM Shares, representing approximately 29.99% of the total issued share capital of CSM. Immediately following the SPA Completion under any of the Share Purchase Agreements, CMD and parties acting in concert with it will hold in aggregate 30% or more of the total issued share capital of CSM. CMD will therefore, subject to and upon the SPA Completion under any of the Share Purchase Agreements, be required under Rule 26.1 of the Takeovers Code to make an Offer for all the Offer Shares, being all the issued CSM Shares not already owned or agreed to be acquired by CMD and Start Great.

Upon the SPA Completion under any of the Share Purchase Agreements, CLSA Limited, on behalf of CMD and in compliance with the Takeovers Code, will make the Offer on the terms to be set out in the Offer Document to be issued in accordance with the Takeovers Code on the following basis:

Offer Price for each Offer Share HK\$0.35 in cash

Assuming that there is no change in the issued share capital of CSM from the date of this announcement up to and including the close of the Offer and based on the Offer Price of HK\$0.35 per Offer Share, the total issued share capital of CSM is valued at HK\$2,933,453,330.2.

The Offer will be made to the Offer Shareholders. As CMD and Start Great will hold in aggregate 2,620,378,555 CSM Shares immediately after the SPA Completion under all the Share Purchase Agreements, assuming there are no further changes in the issued share capital of CSM from the date of this announcement up to and including the close of the Offer, 5,760,916,674 CSM Shares will be subject to the Offer. Based on the Offer Price of HK\$0.35 per Offer Share, the maximum consideration payable by CMD under the Offer would be HK\$2,016,320,835.9.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights and benefits attached thereto, including but not limited to the right to receive in full all dividends, distributions and any return of capital, if any, which may be made or declared or agreed to be made or declared, and the record date of which falls on or after the date on which the Offer is made, being the date of despatch of the Offer Document.

If, after the date of this announcement, any dividend, distribution and/or return of capital is made or paid in respect of the Offer Shares, CMD reserves the right to reduce the Offer Price by an amount equal to the gross amount of such dividend or other distribution, in which case any references in this announcement, the Offer Document and/or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced. Any such reduction will only apply to those Offer Shares in respect of which CMD will not be entitled to the relevant dividend, distribution and/or return of capital. Based on public information available to CMD as at the date of this announcement, there is no dividend, distribution and/or return of capital which is declared by CSM but remained unpaid as at the date of this announcement.

The Offer Price

The Offer Price of HK\$0.35 per Offer Share represents:

- (i) a premium of approximately 14.75% over the closing price of HK\$0.305 per CSM Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 11.11% over the average closing price of HK\$0.315 per CSM Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 8.19% over the average closing price of approximately HK\$0.324 per CSM Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 7.75% over the average closing price of approximately HK\$0.325 per CSM Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 31.45% to the audited consolidated net asset value attributable to the owners of CSM per CSM Share of approximately HK\$0.51 as at 31 December 2024, calculated based on (i) the audited consolidated net assets attributable to the owners of CSM of approximately RMB3,963.01 million as at 31 December 2024; (ii) 8,381,295,229 CSM Shares in issue as at 31 December 2024; and (iii) the exchange rate of HK\$1.0: RMB0.92604, being the central parity rate as quoted by the People's Bank of China on 31 December 2024 for illustrative purposes only; and
- (vi) a discount of approximately 31.68% to the unaudited consolidated net asset value attributable to the owners of CSM per CSM Share of approximately HK\$0.51 as at 30 June 2025, calculated based on (i) the unaudited consolidated net assets attributable to the owners of CSM of approximately RMB3,915.35 million as at 30 June 2025; (ii) 8,381,295,229 CSM Shares in issue as at 30 June 2025; and (iii) the exchange rate of HK\$1.0: RMB0.91195, being the central parity rate as quoted by the People's Bank of China on 30 June 2025 for illustrative purposes only.

The Offer Price of HK\$0.35 per Offer Share was determined with reference to (i) the highest price per Sale Share paid by CMD under the Share Purchase Agreements which was arrived at after arm's length negotiations between CMD and each Selling Shareholder; (ii) the prospects of CSM; (iii) the trading liquidity and the historic closing prices of the CSM Shares on the Stock Exchange; and (iv) other similar transactions in Hong Kong in recent years.

Highest and lowest closing prices of the CSM Shares

During the six-month period preceding the Last Trading Day, the highest closing price of the CSM Shares as quoted on the Stock Exchange was HK\$0.475 per CSM Share on 13 August 2025, and the lowest closing price of the CSM Shares as quoted on the Stock Exchange was HK\$0.178 per CSM Share on 2 May 2025.

The CSM Share Award Scheme and CSM Share Option Scheme

Based on public information available to CMD as at the date of this announcement, there are certain CSM Share Awards awarded to the grantees under the CSM Share Award Scheme that remain unvested and which may be vested into existing CSM Shares or cash only, and the existing CSM Shares underlying such CSM Share Awards have already been issued and are currently held by the trustee of the CSM Share Award Scheme. Accordingly, no comparable offer will be made to the relevant grantees in respect of the CSM Share Awards granted under the CSM Share Award Scheme. For the avoidance of doubt, any CSM Shares held by the trustee of the CSM Share Award Scheme for the purposes of the CSM Share Award Scheme will form part of the Offer Shares.

In addition, based on public information available to CMD as at the date of this announcement, no grants have been made under the CSM Share Option Scheme as at the date of this announcement.

Confirmation of financial resources

The maximum amount of cash payable by CMD in respect of the total Consideration for the Acquisition and the consideration payable upon full acceptance of the Offer is approximately HK\$2,053,840,835.9, assuming there is no change in the issued share capital of CSM from the date of this announcement up to and including the close of the Offer. CMD intends to finance the total Consideration payable under the Acquisition and the Offer through internal resources of the CMD Group.

CITICS HK, as the exclusive financial adviser to CMD in respect of the Acquisition and the Offer, is satisfied that sufficient financial resources are available to CMD to satisfy the total Consideration for the Acquisition and the maximum consideration payable upon full acceptance of the Offer.

The Offer will only be made if the SPA Completion takes place and the SPA Completion is subject to the satisfaction or (if capable of being waived) waiver of the conditions precedent under the Share Purchase Agreements which have been set out in the section headed “Conditions of the Share Purchase Agreements” of this announcement. Accordingly, the SPA Completion may or may not take place, and the Offer may or may not be made.

Shareholders and potential investors of CMD and CSM are advised to exercise caution when dealing in the respective shares of CMD and CSM. Further announcement(s) will be made by CMD when the SPA Completion takes place. If shareholders and potential investors of CMD and CSM are in any doubt about their position, they should consult their professional advisers.

Condition of the Offer

The Offer will be conditional only upon valid acceptances of the Offer being received (and not, where permitted, withdrawn) on or before 4:00 p.m. on the Closing Date (or such later time or date as CMD may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which, together with the CSM Shares already acquired or held by CMD and the parties acting in concert with it after the SPA Completion and before the Offer, would result in CMD and the parties acting in concert with it holding more than 50% of the voting rights of CSM as at the Closing Date.

If the condition cannot be satisfied by the Closing Date, the Offer will lapse.

Further announcement(s) will be made as and when appropriate in relation to the revision, extension or lapse of the Offer, or the satisfaction of the condition to the Offer, in accordance with the requirements of the Takeovers Code and the Listing Rules.

Shareholders and potential investors of CMD and CSM should note that the Offer may or may not become or be declared unconditional. Shareholders and potential investors of CMD and CSM are reminded to exercise caution when dealing in the respective shares of CMD and CSM. Those who are in doubt as to the action should consult a licensed securities dealer or registered institutions in securities, bank manager, solicitor, professional accountant or other professional advisers.

Effect of accepting the Offer

By accepting the Offer, the Offer Shareholders will be deemed to warrant that all Offer Shares to be sold by such person under the Offer are fully paid and free from all encumbrances and together with all rights and benefits attaching thereto as at the date of the Offer Document or subsequently becoming attached to them, including but not limited to the right to receive in full all dividends, distributions and any return of capital, if any, which may be made or declared or agreed to be made or declared, and the record date of which falls on or after the date on which the Offer is made, being the date of despatch of the Offer Document.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Payment

Subject to the Offer becoming, or having been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event no later than seven (7) business days (as defined under the Takeovers Code) following the later of the date on which (i) the Offer becomes or is declared unconditional; and (ii) the date on which the duly completed forms of acceptance and the relevant documents of title of the Offer Shares in respect of such acceptance are received by or on behalf of CMD to render such acceptance of the Offer complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

Hong Kong stamp duty

The seller's Hong Kong *ad valorem* stamp duty arising in connection with acceptance of the Offer will be payable by the relevant Offer Shareholders who accept the Offer at a rate of 0.10% of (i) the consideration payable by CMD in respect of the relevant acceptance of the Offer; or (ii) the market value of the Offer Shares, whichever is higher (rounded up to the nearest HK\$1.00), and such stamp duty will be deducted from the cash amount payable by CMD to such Offer Shareholders on acceptance of the Offer.

CMD will arrange for payment of the seller's Hong Kong *ad valorem* stamp duty on behalf of the relevant Offer Shareholders that accept the Offer and will pay the buyer's Hong Kong *ad valorem* stamp duty in connection with the acceptance of the Offer and transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

CSM Overseas Shareholders

The making of the Offer to Offer Shareholders who are not resident in Hong Kong may be affected by the applicable laws and regulations of the relevant jurisdiction in which they reside. Offer Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek their own legal advice. It is the sole responsibility of the CSM Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting CSM Overseas Shareholders in respect of such jurisdictions).

Acceptance of the Offer by any CSM Shareholder will be deemed to constitute a representation and warranty from such CSM Shareholder to CMD that the local laws and requirements have been complied with and that the Offer can be accepted by such CSM Shareholder lawfully under the laws of the relevant jurisdiction. CSM Shareholders should consult their professional advisers if in doubt.

In the event that the despatch of the Offer Document to any CSM Overseas Shareholder is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements that are unduly burdensome, subject to the Executive's waiver, the Offer Document will not be despatched to such CSM Overseas Shareholders and this will not affect the CSM Overseas Shareholders' right to accept the Offer. In those circumstances, CMD will apply for such waivers as may be required pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Taxation advice

The Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of Mengniu, Start Great, CMD, the Selling Shareholders, CLSA Limited, CITICS HK, Somerley Capital Limited and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

INFORMATION ON THE CSM GROUP

CSM is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange (stock code: 1432). Based on public information available to CMD as at the date of this announcement, the CSM Group is principally engaged in dairy cow farming, focusing on the production and sale of desert-based organic milk, other functional raw milk and high-quality raw milk.

The audited consolidated financial information of the CSM Group for each of the two years ended 31 December 2024 and 31 December 2023, as extracted from the annual report of CSM for the financial year ended 31 December 2024, and the unaudited consolidated financial information of the CSM Group for the six months ended 30 June 2025, as extracted from the interim report of CSM for the six months ended 30 June 2025, are as follows:

	For the six months ended 30 June 2025	For the year ended 31 December	
	2025	2024	2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	1,444,274	3,126,184	3,383,629
Profit/(loss) before tax	(45,386)	(63,284)	97,686
Profit/(loss) for the period	(45,601)	(64,515)	94,612

The audited consolidated net asset value of the CSM Group as at 31 December 2024, as extracted from the annual report of CSM for the financial year ended 31 December 2024, was approximately RMB4,175,792,000. The unaudited consolidated net asset value of the CSM Group as at 30 June 2025, as extracted from the interim report of CSM for the six months ended 30 June 2025, was approximately RMB4,131,729,000.

SHAREHOLDING STRUCTURE OF CSM

Based on public information available to CMD as at the date of this announcement, CSM has a total of 8,381,295,229 CSM Shares in issue, and certain CSM Share Awards awarded to the grantees under the CSM Share Award Scheme that remain unvested and which may be vested into existing CSM Shares or cash only. Based on public information available to CMD as at the date of this announcement, save as disclosed above, CSM does not have any outstanding CSM Shares or options, derivatives, warrants or securities which are convertible or exchangeable into CSM Shares. The table below sets out the shareholding structure of CSM, based on public information available to CMD, (i) as at the date of this announcement; and (ii) immediately after the SPA Completion under the Share Purchase Agreements and before the Offer:

CSM Shareholders	As at the date of this announcement		Immediately after the SPA Completion under the Share Purchase Agreements and before the Offer	
	Number of CSM Shares	% (Note 4)	Number of CSM Shares	% (Note 4)
CMD	–	–	107,200,000	1.28
Start Great (Note 1)	<u>2,513,178,555</u>	<u>29.99</u>	<u>2,513,178,555</u>	<u>29.99</u>
<i>Sub-total of CMD and parties acting in concert with it (Note 2) (Note 3)</i>	<u>2,513,178,555</u>	<u>29.99</u>	<u>2,620,378,555</u>	<u>31.26</u>
SMbeidou	50,000,000	0.60	–	–
SMhateng	7,200,000	0.09	–	–
SMwuxing	<u>50,000,000</u>	<u>0.60</u>	<u>–</u>	<u>–</u>
<i>Sub-total of Selling Shareholders</i>	<u>107,200,000</u>	<u>1.28</u>	<u>–</u>	<u>–</u>
Offer Shareholders	<u>5,760,916,674</u>	<u>68.74</u>	<u>5,760,916,674</u>	<u>68.74</u>
Total	<u>8,381,295,229</u>	<u>100.00</u>	<u>8,381,295,229</u>	<u>100.00</u>

Notes:

1. As at the date of this announcement, Start Great is a wholly-owned subsidiary of Mengniu. As Mengniu holds 4,461,041,882 issued shares of CMD (representing approximately 56.36% of the total issued shares of CMD), among which (i) 1,246,079,369 shares of CMD (representing approximately 15.74% of the total issued shares of CMD) are directly held by Mengniu; and (ii) 3,214,962,513 shares of CMD (representing approximately 40.62% of the total issued shares of CMD) are indirectly held by Mengniu (through its wholly-owned subsidiary Future Discovery Limited).

Among the 4,461,041,882 shares of CMD (representing approximately 56.36% of the total issued shares of CMD) directly and indirectly held by Mengniu, 568,181,818 shares of CMD (representing approximately 7.18% of the total issued shares of CMD) are subject to the securities lending agreement dated 8 June 2023 entered into between Mengniu as lender and BOCI Financial Products Limited as borrower, under which BOCI Financial Products Limited is entitled to exercise the voting rights of such shares, while the voting rights in such shares are continued to be regarded as held by Mengniu pursuant to Note 21 to Rule 26.1 of the Takeovers Code).

Accordingly, CMD is an associate of Mengniu under the applicable accounting standards and Start Great is an associated company (within the meaning of the Takeovers Code) of CMD and is presumed to be acting in concert with CMD in accordance with Class (1) of the definition of “acting in concert” under the Takeovers Code.

As set out in the section headed “Grant of Irrevocable Voting Proxy by Start Great in favour of CMD” in this announcement, Start Great has irrevocably granted a proxy in favour of CMD to exercise the voting rights over approximately 24.90% of the total issued share capital of CSM as at the date of this announcement and has irrevocably waived and committed not to exercise the voting rights with regards to all the remaining CSM Shares held by it save for certain matters, on and subject to the terms of the Voting Rights Agreement.

2. CITICS HK is the exclusive financial adviser to CMD in respect of the Acquisition and the Offer. Accordingly, CITICS HK and members of the CITICS Group are presumed to be acting in concert with CMD in respect of shareholdings of the CITICS Group in CSM in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code (except in respect of CSM Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) held (i) by exempt principal traders or exempt fund managers of the CITICS Group, in each case recognised by the Executive as such for the purpose of the Takeovers Code and (ii) on behalf of non-discretionary investment clients of the CITICS Group). Members of the CITICS Group which are exempt principal traders and exempt fund managers which are connected for the sole reason that they control, are controlled by or are under the same control as CITICS HK are not presumed to be acting in concert with CMD.

Details of holdings, borrowings or lendings of, and dealings in, CSM Shares or any other relevant securities held by or entered into by members of the CITICS Group (except in respect of CSM Shares or any other relevant securities held (i) by exempt principal traders or exempt fund managers of the CITICS Group, in each case recognised by the Executive as such for the purpose of the Takeovers Code and (ii) on behalf of non-discretionary investment clients of the CITICS Group), if any, will be obtained as soon as possible after this announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by CMD if the holdings, borrowings, lendings, or dealings of the members of the CITICS Group are significant and in any event, such information will be disclosed in the Offer Document. The statements in this announcement as to the holdings, borrowings or lendings of, or their dealings in, CSM Shares and any other relevant securities held by parties acting in concert with CMD are subject to the holdings, borrowings, lendings, or dealings (if any) of the members of the CITICS Group.

Any dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of CSM by the CITICS Group (excluding dealings by the CITICS Group members who are exempt principal traders or exempt fund managers or dealings by the CITICS Group members for the account of non-discretionary investment clients of the CITICS Group) during the six months prior to the date of this announcement and the commencement of the offer period (as defined under the Takeovers Code) to the latest practicable date prior to the publication or despatch of the Offer Document will be disclosed in the Offer Document and pursuant to Rule 22 of the Takeovers Code.

3. As at the date of this announcement, (i) each of Mr. Chen Yiyi and Mr. Zhang Ping is an overlapping director of CMD and CSM, and Mr. Bai Fengming is a director of CSM which is nominated by Mengniu; and (ii) none of the directors of CMD (including Mr. Chen Yiyi and Mr. Zhang Ping) and Mr. Bai Fengming hold any CSM Shares.
4. The percentage figures are subject to rounding adjustments and, accordingly, figures shown in total in the above table may not be an arithmetic aggregation of the figures preceding them and may not add up to 100%.

INFORMATION ON THE CMD GROUP

CMD is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange (stock code: 1117). The CMD Group is a leading operator in dairy cow farming and raw milk production in the PRC. Its two major business segments are the raw milk business and the integrated dairy farming solutions business, with a focus on supplying high-quality raw milk to dairy product manufacturers in the PRC.

REASONS AND BENEFIT OF THE ACQUISITION AND THE OFFER

Reasons for the Acquisition and the Offer

For the CMD Group

Leveraging Economies of Scale to Reduce Procurement Costs: The combined herd size of the CMD Group and the CSM Group will exceed 610,000 head. This expanded scale will enable the CMD Group to leverage volume for better pricing in the procurement of bulk materials like feed, thereby achieving further economies of scale and reducing unit costs. The Acquisition and the Offer (assuming it becomes unconditional) will allow expansion of the CMD Group's business scale and asset base, further solidifying its leading position in the raw milk supply market and enhancing its overall risk resilience and market competitiveness.

Optimized Production Mix for Enhanced Competitiveness: The combined proportion of specialty milk (including organic) in total production by CMD Group and the CSM Group is expected to increase from the current 8% (for the CMD Group on a standalone basis) to over 20% on a combined basis. Integrating CSM Group's leading organic milk business will diversify and strengthen the CMD Group's raw milk supply base, increasing the proportion of its specialty milk. As organic milk commands a higher average selling price (ASP) than premium milk, this integration is expected to improve the overall quality and value of the CMD Group's assets, and in turn increasing CMD Group's position in high-value product segments.

Integrating a Sustainable Model for a Differentiated Advantage: The CSM Group, based in the Ulan Buh Desert, combines desert reclamation with organic dairy farming. Its sustainable ecological model – featuring “organic grass-based carbon sequestration, a zero-deforestation supply chain, smart water conservation, and restoration of degraded soil”–will provide the CMD Group with a proven model for green development and establish a unique, differentiated competitive advantage. The integration of the CSM Group's sustainable development practices, particularly its pioneering work in combining ecological governance with the organic industry, will strengthen the CMD Group's ESG profile, helping to attract a broader range of long-term investors.

For the Offer Shareholders

An attractive opportunity for the Offer Shareholders to realise their investment in the CSM

Shares: The average daily trading volume of the CSM Shares for the 1-month period, 3-month period and 6-month period up to and including the Last Trading Day were approximately 8,586,579, 18,511,606, and 13,268,601 CSM Shares daily, representing only approximately 0.10%, 0.22% and 0.16% of the total number of the CSM Shares as at the date of this announcement (based on public information available to CMD as at the date of this announcement) respectively. The low trading liquidity of the CSM Shares may create difficulties for the Offer Shareholders to execute substantial on-market disposals without adversely affecting the price of the CSM Shares. As such, the Offer presents an immediate opportunity for Offer Shareholders to realise their investments for cash and redeploy the Offer Price into other investment opportunities.

The Offer Price represents a premium over the current market price: The Offer Price allows an exit for the Offer Shareholders at a premium to the current market price. The Offer Price represents a premium of approximately 14.75% over the closing price of the CSM Shares on the Last Trading Day of HK\$0.305 and approximately 8.19% and 7.75% over the average closing price of approximately HK\$0.324 and HK\$0.325 per Share for the 10 and 30 trading days up to and including the Last Trading Day, respectively.

For the CSM Group

Access to Advanced Operational Experience to Boost Production Efficiency: The CMD Group is an industry leader in key operational metrics, such as yield per milkable cow and feed cost control per kilogram of milk. While the CSM Group is a leader in domestic organic raw milk, there is potential to improve its current yield levels. Combined with the CMD Group's operational management expertise, it will help the CSM Group to enhance its farm management capabilities and production efficiency.

Shared Resource System for Cost Reduction and Efficiency Gains: By joining the CMD Group's system, the CSM Group will benefit from the CMD Group's large-scale procurement platform and sophisticated cost management system, which would in turn contribute to improvements in feed costs and other operating expenses. Synergies in technology, digital and intelligent management, breeding, and specialized feed formulation will jointly drive cost reduction and efficiency improvements, allowing both parties to consolidate and expand their advantages.

Complementary Strengths for Enhanced Growth Momentum: This integration is a strategic move built on complementary strengths. The combination of the CSM Group's organic credentials and ecological value with the CMD Group's scale and operational efficiency will enable both groups to maintain a strong competitive edge in both the premium and organic market segments, laying a solid foundation for both groups to jointly lead the industry's development.

In view of the above, the CMD Board considers that the Acquisition and the Offer are fair and reasonable and in the interests of the CMD Shareholders as a whole.

INTENTION OF CMD REGARDING THE CSM GROUP

In connection with the Acquisition and the Offer, CMD expects to review the CSM Group and its assets, corporate structure, capitalisation, policies, management and personnel to consider and determine what changes, if any, would be appropriate or desirable following the Acquisition and the Offer in order to best organise and optimise the activities of the CSM Group, and may make any changes as it deems necessary or appropriate in light of its review of the CSM Group, including but not limited to any redeployment of fixed assets of the CSM Group or operations, corporate structure, capitalisation, management or employment arrangements.

PUBLIC FLOAT AND MAINTENANCE OF LISTING STATUS OF CSM

CMD intends to maintain the listing of the CSM Shares on the Stock Exchange after the closing of the Offer.

The Stock Exchange has stated that, if, as at the close of the Offer, less than 25% of the CSM Shares (excluding treasury shares, if any) are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the CSM Shares; or
- (ii) there are insufficient CSM Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealings in the CSM Shares. Following the close of the Offer, CMD will use its commercially reasonable endeavours to ensure, or procure CSM to take such steps as are necessary to ensure, that CSM will have an adequate public float so as to comply with the applicable requirements under the Listing Rules. It should be noted that, upon completion of the Offer, there may be insufficient public float and therefore trading in the CSM Shares may be suspended until a prescribed level of public float is attained.

DEALING AND INTERESTS IN THE CSM'S SECURITIES

CMD confirms that as at the date of this announcement:

- (a) except as set out under the section headed "Shareholding Structure of CSM" of this announcement, none of CMD or any party acting in concert with it owns or has control or direction over any voting rights or rights over the CSM Shares or convertible securities, warrants, options in respect of the CSM Shares;
- (b) none of CMD or any party acting in concert with it has entered into any outstanding derivatives in respect of securities of CSM;
- (c) other than the Share Purchase Agreements, none of CMD or any party acting in concert with it has dealt for value in any CSM Shares or any convertible securities, warrants, options or derivatives in respect of any CSM Shares during the six (6) months prior to and including the date of this announcement;
- (d) save for the Share Purchase Agreements and the Voting Rights Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of CMD or CSM and which might be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (e) save for the Share Purchase Agreements, there is no agreement or arrangement to which CMD or any party acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke the condition to the Acquisition and/or the Offer;
- (f) none of CMD or any party acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in CSM (save for any borrowed CSM Shares which has been either on-lent or sold);
- (g) none of CMD or any party acting in concert with it has received any irrevocable commitment to accept or reject the Offer;
- (h) save for the Consideration payable to the Selling Shareholders under the Share Purchase Agreements, there is no other consideration, compensation or benefits in whatever form paid or to be paid by CMD or any party acting in concert with it to the Selling Shareholders or any party acting in concert with them in connection with the Acquisition;

- (i) other than the Share Purchase Agreements and the Voting Rights Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Selling Shareholders or any party acting in concert with them on one hand, and CMD or any party acting in concert with it on the other hand; and
- (j) other than the Share Purchase Agreements and the Voting Rights Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) CMD or any party acting in concert with it and (ii) any CSM Shareholder.

DESPATCH OF THE OFFER DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offer Document setting out, among others, (i) further details of the Offer; and (ii) the relevant form(s) of acceptance and transfer, will be despatched to the CSM Shareholders no later than twenty-one (21) days after the date of this announcement or such later date as the Executive may approve. As the making of the Offer is subject to the SPA Completion, an application will be made to the Executive under Rule 8.2 of the Takeovers Code for the Executive's consent to extend the deadline for the despatch of the Offer Document. Further announcement(s) regarding the despatch of the Offer Document will be made by CMD as and when appropriate.

LISTING RULES IMPLICATIONS FOR CMD, ESTABLISHMENT OF THE CMD INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE CMD INDEPENDENT FINANCIAL ADVISER

Assuming the SPA Completion takes place and all of the Offer Shareholders tender their Offer Shares for acceptance under the Offer, as the applicable percentage ratios in respect of the transactions contemplated under the Share Purchase Agreements and the Offer taken together, calculated pursuant to Rule 14.07 of the Listing Rules, exceed 25% but are less than 100%, the transactions contemplated under the Share Purchase Agreements and the Offer taken together constitute a major transaction of CMD. Such transactions are therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, Mengniu, the controlling shareholder of CMD, indirectly holds approximately 29.99% in the total issued share capital of CSM through its wholly-owned subsidiary, Start Great. Given that Mengniu is a "controller" of CMD (within the meaning of Rule 14A.28 of the Listing Rules) and is also an indirect substantial shareholder of CSM, the Acquisition and the Offer constitute a connected transaction of CMD under Rule 14A.28 of the Listing Rules, and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on public information available to CMD as at the date of this announcement, save for Start Great (which is in turn wholly-owned by Mengniu, the controlling shareholder of CMD) and as disclosed in the section headed “Information on the Selling Shareholders” below, CSM and CSM Shareholders and their respective ultimate beneficial owners are third parties independent of CMD and its connected persons.

The CMD Independent Board Committee, comprising Mr. Li Shengli, Mr. Lee Kong Wai, Conway, and Mr. Chow Ming Sang (each being an independent non-executive director of CMD), has been established for the purposes of making recommendations to the CMD Independent Shareholders in relation to the Acquisition and the Offer under the Listing Rules.

Somerley Capital Limited, the CMD Independent Financial Adviser, has been appointed by CMD for the purposes of advising the CMD Independent Board Committee and the CMD Independent Shareholders in relation to the Acquisition and the Offer.

According to Rule 2.4 of the Takeovers Code, the board of an offeror must obtain competent independent advice on any offer when the directors are faced with a conflict of interest. Pursuant to Note 3 to Rule 2.4 of the Takeovers Code, a conflict of interest exists in the Offer given that Mengniu is the controlling shareholder of CMD and substantial shareholder of CSM, and there are certain overlapping directors of CMD and CSM. The CMD Independent Financial Adviser has been appointed by the CMD Board to provide its independent advice on the conflict of interest arising from the Offer. The CMD Independent Financial Adviser has indicated that, having taken into account, among others, (i) the reasons and benefits of the Acquisition and the Offer for the CMD Group as set out in the “Reasons and Benefit of the Acquisition and the Offer” in this announcement; (ii) the Offer Price being fair and reasonable; and (iii) the expected financial effects of the Acquisition and the Offer on the CMD Group, it considers that the Offer is in the interest of the CMD Shareholders. The full advice of the CMD Independent Adviser under Rule 2.4 of the Takeovers Code will be included in the circular of CMD in due course.

CMD will convene the CMD EGM for the CMD Shareholders to consider and, if thought fit, approve the transactions contemplated under the Share Purchase Agreements and the Offer. Mengniu and its associates (within the meaning of the Listing Rules), and any other CMD Shareholders with material interest in the Acquisition and/or the Offer, will be required to abstain from voting at the CMD EGM in accordance with the requirements under the Listing Rules.

INFORMATION ON THE SELLING SHAREHOLDERS

SMbeidou is a company incorporated in the British Virgin Islands with limited liability, whose principal business is investment holding. As at the date of this announcement, SMbeidou is wholly owned by Mr. Yuan Lun.

SMhateng is a company incorporated in the British Virgin Islands with limited liability, whose principal business is investment holding. As at the date of this announcement, SMhateng is wholly owned by Mr. Chen Qingjun.

SMwuxing is a company incorporated in the British Virgin Islands with limited liability, whose principal business is investment holding. As at the date of this announcement, SMwuxing is wholly owned by Mr. Wang Qiang.

Based on public information available to CMD as at the date of this announcement, except that Mr. Wang Qiang is a substantial shareholder of an insignificant subsidiary (within the meaning of the Listing Rules) of the CMD Group, the Selling Shareholders and their respective ultimate beneficial owners are third parties independent of CMD and its connected persons.

INFORMATION ON MENGNIU AND START GREAT

Start Great is a company incorporated in the British Virgin Islands with limited liability, whose principal business is investment holding. As at the date of this announcement, Start Great is a wholly-owned subsidiary of Mengniu.

Mengniu Group is one of the leading dairy product manufacturers in China and is principally engaged in the manufacturing and distribution of quality dairy products including liquid milk, ice-cream and other dairy products.

DESPATCH OF THE CMD CIRCULAR

The CMD Circular containing, among other things, (i) further details of the transactions contemplated under the Share Purchase Agreements and the Offer; (ii) a notice convening the CMD EGM; and (iii) other information as required by the Listing Rules, is expected to be despatched to the CMD Shareholders. As additional time is required to prepare the information to be included in the CMD Circular, it is expected that the CMD Circular will be despatched on or before 15 December 2025.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, associates of CMD (as defined under the Takeovers Code) are reminded to disclose their dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of CSM under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them.

Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

Shareholders and potential investors of CMD and CSM should note that the Offer is a possible mandatory conditional cash offer and will only be made if the SPA Completion takes place. As the SPA Completion is subject to the satisfaction or (if capable of being waived) waiver of the conditions precedent as set out in the section headed “Conditions of the Share Purchase Agreements” in this announcement, the SPA Completion may or may not take place and the Offer may or may not be made.

Shareholders and potential investors of CMD and CSM are advised to exercise caution when dealing in the respective shares of CMD and CSM. Further announcement(s) will be made by CMD when the SPA Completion takes place. If shareholders and potential investors of CMD and CSM are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the purchase of the Sale Shares by CMD from the Selling Shareholders in accordance with the terms and conditions of the Share Purchase Agreements
“acting in concert”	has the meaning ascribed to it under the Takeovers Code and “concert parties” shall be construed accordingly. For completeness, the concert parties of CMD include but are not limited to Start Great as set out in the section headed “Shareholding Structure of CSM” above
“Business Day(s)”	a working day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 4:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 4:00 p.m.) on which banks in Hong Kong and the PRC are generally open for business
“Cayman Companies Act”	the Companies Act (As Revised) of the Cayman Islands, as amended from time to time
“CITICS Group”	CITICS HK, CLSA Limited and persons controlling, controlled by or under the same control (with the meanings ascribed to such terms in the Takeovers Code) as either CITICS HK or CLSA Limited. Please refer to the website of the SFC for the lists of exempt principal traders and exempt fund managers in the CITICS Group

“CITICS HK”	CITIC Securities (Hong Kong) Limited, the exclusive financial adviser to CMD in respect of the Acquisition and the Offer and a corporation licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the issued shares of which are listed on the Stock Exchange (Stock Code: 6030)
“CLSA Limited”	CLSA Limited, the agent making the Offer for and on behalf of CMD and a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, being an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the issued shares of which are listed on the Stock Exchange (Stock Code: 6030)
“Closing Date”	the date to be stated in the Offer Document as the first closing date of the Offer or any subsequent closing date as may be announced by CMD in accordance with the requirements under the Takeovers Code
“CMD”	China Modern Dairy Holdings Ltd., a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 1117)
“CMD Board”	the board of directors of CMD
“CMD Circular”	the circular to be issued by CMD to the CMD Shareholders in connection with the transactions contemplated under the Share Purchase Agreements and the Offer in accordance with the Listing Rules
“CMD EGM”	the extraordinary general meeting of CMD to be held for the CMD Shareholders to consider and, if thought fit, approve the transactions contemplated under the Share Purchase Agreements and the Offer
“CMD Group”	CMD and its subsidiaries

“CMD Independent Board Committee”	an independent board committee of the CMD Board comprising Mr. Li Shengli, Mr. Lee Kong Wai, Conway, and Mr. Chow Ming Sang (each being an independent non-executive director of CMD) established for the purposes of making recommendations to the CMD Independent Shareholders in relation to the Acquisition and the Offer under the Listing Rules
“CMD Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by CMD for the purpose of advising the CMD Independent Board Committee and the CMD Independent Shareholders in respect of the Acquisition and the Offer
“CMD Independent Shareholder(s)”	CMD Shareholders which are not required to abstain from voting at the CMD EGM in relation to the resolutions for approving the Acquisition, the Offer and the transactions contemplated thereunder
“CMD Shareholder(s)”	the shareholder(s) of CMD
“Consideration”	the consideration payable by CMD to each Selling Shareholder for the Acquisition
“CSM”	China Shengmu Organic Milk Limited (中國聖牧有機奶業有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 1432)
“CSM Group”	CSM and its subsidiaries
“CSM Overseas Shareholders”	Offer Shareholder(s) whose address(es), as shown on the register of members of CSM, is/are outside Hong Kong
“CSM Share(s)”	ordinary share(s) of par value HK\$0.00001 each in the issued share capital of CSM
“CSM Share Award(s)”	awards granted under the CSM Share Award Scheme

“CSM Share Award Scheme”	the share award scheme of CSM adopted on 19 April 2022, the principal terms of which were set out in the announcement of CSM dated 19 April 2022
“CSM Share Option Scheme”	the share option scheme of CSM adopted on 18 June 2014, the principal terms of which were set out in the prospectus of CSM dated 30 June 2014
“CSM Shareholder(s)”	the registered holder(s) of CSM Share(s)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Irrevocable Voting Proxy”	the irrevocable grant of proxy to exercise voting rights in respect of the Proxy Shares by Start Great in favour of CMD pursuant to the terms and conditions of the Voting Rights Agreement
“Last Trading Day”	30 October 2025, being the last trading day of the CSM Shares immediately preceding the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as revised, supplemented or otherwise modified from time to time)
“Long Stop Date”	30 October 2026 (being the date falling on the expiry of 12 months after the signing of each Share Purchase Agreement), or such later date as the Selling Shareholders and CMD may agree in writing
“Mengniu”	China Mengniu Dairy Company Limited (中國蒙牛乳業有限公司*), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 2319)
“Mengniu Group”	Mengniu and its subsidiaries

“Offer”	the possible mandatory conditional cash offer to be made by CLSA Limited for and on behalf of CMD in accordance with the Takeovers Code to acquire all the Offer Shares on the terms to be set out in the Offer Document and the accompanying form of acceptance
“Offer Document”	the offer document to be issued by CMD or composite offer document to be jointly issued by CMD and CSM to the CSM Shareholders in connection with the Offer in accordance with the Takeovers Code
“Offer Price”	HK\$0.35 per Offer Share
“Offer Share(s)”	all the issued CSM Shares other than those already owned or agreed to be acquired by CMD and Start Great
“Offer Shareholder(s)”	registered holder(s) of Offer Share(s)
“PRC”	the People’s Republic of China
“Proxy Shares”	2,086,942,512 CSM Shares held by Start Great (representing approximately 24.90% of the total issued share capital of CSM as at the date of this announcement), being the subject of the Irrevocable Voting Proxy
"Relevant Determination"	the determination by CMD as to whether it is able to consolidate CSM as its subsidiary following the closing of the Offer in accordance with the terms and conditions of the Voting Rights Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SAMR”	State Administration for Market Regulation of the PRC or its local authorities (as applicable)
“Sale Shares”	the CSM Shares agreed to be acquired by CMD from each Selling Shareholder pursuant to the terms and conditions of the relevant Share Purchase Agreement
“Selling Shareholders”	SMbeidou, SMhateng and SMwuxing, and “Selling Shareholder” means any of them

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Purchase Agreement”	each of the respective conditional sale and purchase agreement dated 30 October 2025, entered into between CMD and each Selling Shareholder in relation to the sale and purchase of the Sale Shares held by such Selling Shareholder, and collectively the “Share Purchase Agreements”
“SMbeidou”	SMbeidou Ltd, a company incorporated in the British Virgin Islands with limited liability
“SMhateng”	SMhateng Ltd, a company incorporated in the British Virgin Islands with limited liability
“SMwuxing”	SMwuxing Ltd, a company incorporated in the British Virgin Islands with limited liability
“SPA Completion”	completion of the Acquisition in accordance with the terms and conditions of a Share Purchase Agreement
“SPA Completion Date”	the date falling on the 10th Business Day after fulfilment or waiver (as applicable) of the conditions to the SPA Completion pursuant to a Share Purchase Agreement, or such other date as the relevant Selling Shareholder and CMD may agree in writing
“Start Great”	Start Great Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Mengniu as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers published by the SFC (as revised, supplemented or otherwise modified from time to time)

“Voting Rights Agreement” the voting rights agreement dated 30 October 2025 entered into among CMD, Start Great and Mengniu in relation to the Irrevocable Voting Proxy

“%” per cent.

By order of the board of
China Modern Dairy Holdings Ltd.
Sun Yugang
Chief executive officer and executive director

Hong Kong, 30 October 2025

As at the date of this announcement, the executive directors of CMD are Mr. Sun Yugang and Mr. Zhu Xiaohui, the non-executive directors of CMD are Mr. Chen Yiyi (Chairman), Mr. Zhang Ping, Mr. Wen Yongping and Ms. Gan Lu, the independent non-executive directors of CMD are Mr. Li Shengli, Mr. Lee Kong Wai, Conway and Mr. Chow Ming Sang. The directors of CMD jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of the statements in this announcement misleading.

The information relating to the CSM Group and the CSM Shareholders in this announcement has been extracted from or based on the published information of CSM, including but not limited to its interim report for the six months ended 30 June 2025, annual report for the year ended 31 December 2024 and monthly return for the month ended 30 September 2025. The only responsibility accepted by the directors of CMD in respect of such information is for the correctness and fairness of its reproduction or presentation.

* For identification purpose only