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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)

**POSSIBLE MANDATORY CONDITIONAL CASH OFFER 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 HOLDINGS LIMITED)**

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE

AND

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

**CSM Independent Financial Adviser to the
CSM Independent Board Committee**



Reference is made to the announcement (the “**Announcement**”) dated 30 October 2025 issued by China Modern Dairy Holdings Ltd. (the “**Offeror**”, stock code: 1117) in relation to, among other things, the possible mandatory conditional cash offer to be made by CLSA Limited for and on behalf of the Offeror to acquire all the issued shares of China Shengmu Organic Milk Limited (the “**Company**”) (the “**Share(s)**”) other than those already owned or agreed to be acquired by the Offeror and Start Great. Save as otherwise defined herein, terms used in this announcement shall have the same meanings as given to them in the Announcement.

THE OFFER

As disclosed in the Announcement, immediately following the SPA Completion under any of the Share Purchase Agreements, the Offeror and parties acting in concert with it will hold in aggregate 30% or more of the total Shares. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will then be required to make a mandatory general offer for all issued Shares, other than those already owned or agreed to be acquired by the Offeror and Start Great.

As disclosed in the Announcement, upon the SPA Completion under any of the Share Purchase Agreements, CLSA Limited will, on behalf of the Offeror, make the Offer on the terms to be set out in the Offer Document on the following basis:

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

For further details about the Offer, please refer to the Announcement.

SECURITIES OF THE COMPANY

As at the date of this announcement, the Company has 8,381,295,229 Shares in issue and 42,337,500 CSM Share Awards under the CSM Share Award Scheme that remain unvested. All the Shares underlying the CSM Share Awards (i.e., 42,337,500 Shares) are held by the trustee of the CSM Share Award Scheme.

Save as disclosed above, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

As at the date of this announcement, there are no outstanding dividends which have been declared by the Company and not yet paid.

INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.8 of the Takeovers Code, an independent board committee of the Company (the “**CSM Independent Board Committee**”) which comprises all the non-executive directors of the Company (the “**Director(s)**”) who have no direct or indirect interest in the Offer, namely Mr. Sun Qian, Ms. Shao Lijun, Mr. Wang Liyan, Mr. Wu Liang and Mr. Sun Yansheng, has been established by the board of Directors (the “**Board**”) to make a recommendation to the Offer Shareholders as to whether the Offer are fair and reasonable and as to the acceptance of the Offer. As Mr. Chen Yiyi and Mr. Zhang Ping are also directors of the Offeror and Mr. Bai Fengming is also an employee of the Mengniu Group, the controlling shareholder of the Offeror, they are not considered as independent for the purposes of the Takeovers Code and do not form part of the CSM Independent Board Committee.

INDEPENDENT FINANCIAL ADVISER

The Board is pleased to announce that Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate financing) regulated activity under the SFO, has been appointed as the independent financial adviser (the “**CSM Independent Financial Adviser**”) to advise the CSM Independent Board Committee as to whether the Offer are fair and reasonable and as to the acceptance of the Offer. The appointment of the CSM Independent Financial Adviser has been approved by the CSM Independent Board Committee.

DISCLOSURE OF DEALINGS

In compliance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code, including persons holding 5% or more of the relevant securities) of the Company are reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code during the offer period.

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 the Company are reminded to exercise caution when dealing in the Shares. 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.

Shareholders and potential investors of the Company should note that the Offer 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 the Announcement, the SPA Completion may or may not take place and the Offer may or may not be made.

By order of the Board
China Shengmu Organic Milk Limited
Chen Yiyi
Chairman

Hong Kong, 10 November 2025

As at the date of this announcement, the Board comprises Mr. Zhang Jiawang, as executive Director; Mr. Chen Yiyi, Mr. Zhang Ping, Mr. Bai Fengming, 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.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the Directors in their capacity as such 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 statement in this announcement misleading.

As information regarding the Offeror and the Offer have been extracted from the Announcement, the Directors jointly and severally accept responsibility for the correctness and fairness of its reproduction or presentation.