



**CHINA SHENGMU ORGANIC MILK LIMITED**

**中國聖牧有機奶業有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1432)**

12 December 2025

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTION IN  
RELATION TO 2026 RAW FRESH MILK SUPPLY FRAMEWORK AGREEMENT**

**(2) CONTINUING CONNECTED TRANSACTION IN RELATION TO 2026  
DABEINONG PRODUCTS AND SERVICES SUPPLY FRAMEWORK AGREEMENT  
AND TERMINATION OF THE 2024 PROCESSING SERVICE FRAMEWORK  
AGREEMENT AND THE 2025 YIYINGMEI DAIRY MILK POWDER PURCHASE  
FRAMEWORK AGREEMENT**

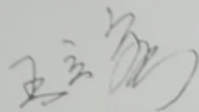
We have been appointed by the Board to advise the Independent Shareholders in connection with (i) the 2026 Raw Fresh Milk Supply Framework Agreement, the transactions contemplated under such agreement and the proposed annual caps for the three years ending 31 December 2026, 2027 and 2028; and (ii) the 2026 Dabeinong Products and Services Supply Framework Agreement, the transactions contemplated under such agreement and the proposed annual caps for the three years ending 31 December 2026, 2027 and 2028, details of which are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 12 December 2025 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Altus Capital has been appointed as the Independent Financial Advisor to advise us and the Independent Shareholders on (i) the 2026 Raw Fresh Milk Supply Framework Agreement, the transactions contemplated under such agreement and the proposed annual caps for the three years ending 31 December 2026, 2027 and 2028; and (ii) the 2026 Dabeinong Products and Services Supply Framework Agreement, the transactions contemplated under such agreement and the proposed annual caps for the three years ending 31 December 2026, 2027 and 2028. We wish to draw your attention to the letter from the Board as set out on pages 5 to 31 of the Circular, and the letter from Altus Capital to us and the Independent Shareholders as set out on pages 34 to 60 of the Circular, which contains its advice and recommendation in respect of (i) the 2026 Raw Fresh Milk Supply Framework Agreement and the transactions contemplated thereunder; and (ii) the 2026 Dabeinong Products and Services Supply Framework Agreement and the transactions contemplated thereunder.

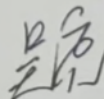
Having considered, inter alia, the factors and reasons considered by, and the opinion of, Altus Capital, as stated in its aforementioned letter, we consider (i) the 2026 Raw Fresh Milk Supply Framework Agreement and the transactions contemplated under such agreement; and (ii) the 2026 Dabeinong Products and Services Supply Framework Agreement and the transactions contemplated under such agreement are entered into on normal commercial terms and in the ordinary course of business of the Group, are in the interests of the Company and the Shareholders as a whole so far as the Independent Shareholders are concerned, and the terms of (i) the 2026 Raw Fresh Milk Supply Framework Agreement; and (ii) the 2026 Dabeinong Products and Services Supply Framework Agreement, and each of their proposed annual caps are fair and reasonable.

Accordingly, we recommend that the Independent Shareholders vote in favour of the relevant ordinary resolutions to be proposed at the EGM and thereby approve (i) the 2026 Raw Fresh Milk Supply Framework Agreement, the transactions contemplated under such agreement and the proposed annual caps for the years ending 31 December 2026, 2027 and 2028; and (ii) the 2026 Dabeinong Products and Services Supply Framework Agreement, the transactions contemplated under such agreement and the proposed annual caps for the three years ending 31 December 2026, 2027 and 2028.

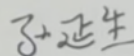
Yours faithfully,  
For and on behalf of  
The Independent Board Committee



**Wang Liyan**  
*Independent non-executive  
Director*



**Wu Liang**  
*Independent non-executive  
Director*



**Sun Yansheng**  
*Independent non-executive  
Director*