



KPMG
8th Floor, Prince's Building
Central, Hong Kong
G P O Box 50, Hong Kong
Telephone +852 2522 6022
Fax +852 2845 2588
Internet kpmg.com/cn

毕马威会计师事务所
香港中环太子大厦8楼
香港邮政总局信箱50号
电话 +852 2522 6022
传真 +852 2845 2588
网址 kpmg.com/cn

REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE IDENTIFIABLE TANGIBLE AND INTANGIBLE ASSETS AND LIABILITIES BELONGING TO CHINA SHENGMU ORGANIC MILK LIMITED

TO THE BOARD OF DIRECTORS OF CHINA MODERN DAIRY HOLDINGS LTD.

We refer to the discounted future cash flows on which the valuation (“the Valuation”) dated 30 June 2026 prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited in respect of the appraisal of the fair value of the identifiable tangible and intangible assets and liabilities belonging to China Shengmu Organic Milk Limited (the “CSM”) for the sole purpose of purchase price allocation of the Acquisition and the Offer by China Modern Dairy Holdings Ltd. as at 31 March 2026 is based. The Valuation is prepared based in part on the discounted future cash flows and is regarded as a profit forecast under Rule 10 by virtue of Rule 11.1(a) of the Code on Takeovers and Mergers issued by the Securities and Futures Commission (the “Takeovers Code”).

CMD Directors’ Responsibilities

The directors of China Modern Dairy Holdings Ltd. (the “CMD Directors”) are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the CMD Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to report, as required by Note 1(c) to Rules 10.1 and 10.2 and Rule 10.3(b) of the Takeovers Code, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the CMD Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the CMD Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the CMD Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the CMD Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the identifiable tangible and intangible assets and liabilities belonging to CSM or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relate to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under Note 1(c) to Rules 10.1 and 10.2 and Rule 10.3(b) of the Takeovers Code and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.



Certified Public Accountants
Hong Kong
30 June 2026