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88 Queensway  
Hong Kong

30 June 2026

**The Board of Directors  
China Modern Dairy Holdings Limited**

Room A, 32nd Floor  
COFCO Tower  
262 Gloucester Road  
Causeway Bay  
Hong Kong

**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)**

Dear Sirs,

We refer to the composite offer document and response document of even date jointly issued by CMD and CSM to all Offer Shareholders in relation to the Offer (the “**Composite Document**”). Unless otherwise defined or the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

We refer to the valuation report dated 30 June 2026 in respect of the identifiable tangible and intangible assets and liabilities belonging to CSM issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the “**Valuer**”) as set out in Appendix VII to the Composite Document (the “**Valuation Report**”).

CMD has engaged the Valuer as the independent valuer to assess the fair value of the identifiable tangible and intangible assets and liabilities belonging to CSM (the “**Valuation**”) contained in the Valuation Report, which includes, amongst other things, the valuation of CSM Group’s milkable cows and right-of-use assets in relation to a grassland with an area of 122,000 mu (the “**Relevant Forecasts**”) based on the management accounts of CSM.

As the Relevant Forecasts were prepared using the income approach and based on discounted future cash flows, each of the Relevant Forecasts is regarded as a profit forecast under Rule 10 by virtue of Rule 11.1(a) of the Takeovers Code and must be reported on by the financial adviser and the auditors or consultant accountants. This report is issued in compliance with the requirements under Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code.

We have reviewed the Relevant Forecasts and their respective underlying bases (including, without limitation, the management accounts of CSM) and assumptions, which were provided by you and for which you, as the directors of CMD, are solely responsible. We have also discussed the above with the Valuer, you and the senior management of CMD. None of the parties is aware of any assumptions which appear to be unrealistic or have been omitted which appear to be important.

In respect of the accounting policies and calculations concerned, upon which the Relevant Forecasts have been made, we have considered the report as contained in Appendix X to the Composite Document addressed to the board of directors of CMD from KPMG, being the reporting accountants of CMD. KPMG is of the opinion that so far as the accounting policies and calculations are concerned, the Relevant Forecasts 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 Report. The discounted future cash flows do not involve the adoption of accounting policies.

Having considered all of the above, we are satisfied that the Relevant Forecasts (including the bases and assumptions as set out in the Valuation Report) have been made with due care and consideration.

We have not independently verified the computations leading to the determination of the Relevant Forecasts and have assumed the computations to be true, accurate and complete. The valuation and profit forecasts in respect of biological assets and right-of-use assets are inherently imprecise and subject to the underlying assumptions, which are in turn subject to uncertainties and affected by market and environmental conditions. In addition, our view is necessarily based on prevailing economic, market and other conditions which generally affect the financial condition of CSM Group's milkable cows and grassland available to us as of the date of this letter. In accordance with Rule 9.1 of the Code on Takeovers and Mergers, it is our responsibility to ensure that this letter remains accurate and up to date throughout the Offer Period. The Offer Shareholders will be notified as soon as possible of any material changes to the information contained herein as well as to our view, if any, after the date of the Composite Document and throughout the Offer Period.

## **GENERAL**

This letter has been provided to the directors of CMD only and solely for the purposes of Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code and shall not be used or relied upon for any other purpose whatsoever. It is not addressed to and may not be relied upon by any third party for any purpose whatsoever and we expressly disclaim any duty or liability to any third party with respect to the contents of this letter.

We are not the independent appraiser of the Valuation, which was determined by the Valuer. We are acting as the financial adviser to CMD in connection with the Offer. We will not be responsible to any person other than CMD for providing advice in connection with the Offer, nor will we owe any responsibility to any person other than CMD.

We have assumed that all information, materials and representations provided to us by you and the Valuer were true, accurate, complete and not misleading at the time they were supplied or made, and remained so throughout the Offer Period and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, whether express or implied, is made by us on the accuracy, truth or completeness of such information, materials or representations. Accordingly, we accept no responsibility, whether expressly or implicitly, on the Relevant Forecasts as set out in the Valuation Report.

In providing this letter, we express no opinion or recommendation to any person as to how such person should act on any matters relating to the Offer or as to the fairness of the financial terms of the Offer. Offer Shareholders are recommended to seek their own independent financial advice.

Yours faithfully,  
For and on behalf of  
**CITIC Securities (Hong Kong) Limited**



**Edmund Chan**  
*Managing Director, Head of M&A*