

30 June 2026

To the CSM Independent Shareholders

Dear Sir or Madam,

**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)**

INTRODUCTION

We refer to the Composite Document dated 30 June 2026 jointly issued by CMD and CSM, which this letter forms part of. Save as otherwise defined herein, terms used in this letter shall have the same meanings as given to them in the Composite Document.

We have been appointed to form the CSM Independent Board Committee to consider the terms of the Offer and to advise you (i.e., the CSM Independent Shareholders) as to, in our opinion, whether or not the terms of the Offer are fair and reasonable and to make a recommendation in respect of acceptance of the Offer.

Gram Capital Limited has been appointed as the CSM Independent Financial Adviser with our approval to make a recommendation to us in respect of the terms of the Offer and, in particular, whether the terms of the Offer are fair and reasonable and to make a recommendation in respect of the acceptance of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from the CSM Independent Financial Adviser” on pages IFA-1 to IFA-21 of the Composite Document.

We also wish to draw your attention to the “Letter from the CSM Board” and the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

Having taken into account the Offer and the independent advice from the CSM Independent Financial Adviser, as well as the principal factors and reasons considered in arriving at its recommendation, we (other than Mr. Wang Liyan (“**Mr. Wang**”) whose views are set out below) concur with the view of the CSM Independent Financial Adviser and consider that the Offer is fair and reasonable so far as the CSM Independent Shareholders are concerned and is in the interests of the CSM Independent Shareholders as a whole. As such, we (other than Mr. Wang) recommend the CSM Independent Shareholders to accept the Offer.

Mr. Wang does not fully concur with the view expressed in the letter from the CSM Independent Financial Adviser to the CSM Independent Board Committee that the Offer Price is fair and reasonable so far as the CSM Independent Shareholders are concerned. Having considered CMD’s basis for determining the Consideration (which is equal to the Offer Price on a per CSM Share basis) as set out in the circular of CMD dated 24 December 2025 (the “**CMD Circular**”), Mr. Wang is of the view that the Offer Price does not fully reflect (i) the quality of the assets of the CSM Group; (ii) the normal course of business and improvement in operations of the CSM Group, including, among other things, the CSM Group’s operating performance in 2025 was better than the initial budget and the production cost per kilogram of milk has been declining year after year; (iii) the reputation and goodwill of the production chain and ESG efforts of the CSM Group have been widely recognised, as evidenced by matters including but not limited to awards won by the CSM Group such as “Outstanding Award for Climate Disclosure Contribution” and “Outstanding Award for Climate Disclosure Enhancement Contribution” given by Hong Kong Quality Assurance Agency, as well as the “Hong Kong Dollar Green Loan Certificate” issued by Hong Kong Quality Assurance Agency, each of which is perceived by Mr. Wang to contribute positively to the value of the CSM Shares.

In addition, Mr. Wang notes that the CMD Circular dated 24 December 2025 contains information from a preliminary valuation report in respect of the assets of the CSM Group, which was based on data from the Valuer’s preliminary valuation report dated 16 December 2025, and includes an impairment of approximately RMB339 million in respect of the land use rights of the grassland held by the CSM Group without full details of the preliminary valuation report.

In light of the above, Mr. Wang is of the view that CMD’s basis for determining the Consideration (which is equal to the Offer Price on a per CSM Share basis) does not reflect all relevant factors. Therefore, he does not agree with the view that “the Offer (including the Offer Price) is fair and reasonable so far as the CSM Independent Shareholders are concerned” and does not recommend the CSM Independent Shareholders to accept the Offer. However, Mr. Wang reminds the CSM Independent Shareholders that the decision to accept the Offer or to hold their investment in the Shares is subject to individual circumstances and investment objectives.

Notwithstanding the recommendation and the views above, the CSM Independent Shareholders are strongly advised that the decision to accept the Offer or to hold your investment in the Shares is subject to individual circumstances and investment objectives. If in doubt, the CSM Independent Shareholders should consult their own professional advisers for professional advice. Furthermore, the CSM Independent Shareholders who wish to accept the Offer are recommended to read carefully the terms and procedures for acceptance of the Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

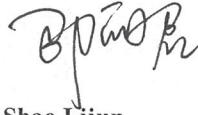
Yours faithfully,
for and on behalf of the
Independent Board Committee of China Shengmu Organic Milk Limited

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Mr. Sun Qian

Non-executive Director

Yours faithfully,
for and on behalf of the
Independent Board Committee of China Shengmu Organic Milk Limited



Ms. Shao Lijun
Non-executive Director

Yours faithfully,
for and on behalf of the
Independent Board Committee of China Shengmu Organic Milk Limited

Mr. Wu Liang

Independent Non-executive Director

Handwritten signature of Mr. Wu Liang in black ink, consisting of stylized Chinese characters.

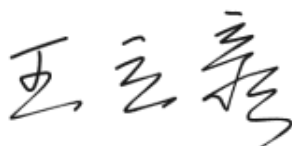
Yours faithfully,
for and on behalf of the
Independent Board Committee of China Shengmu Organic Milk Limited

Mr. Sun Yansheng

Independent Non-executive Director

Handwritten signature in Chinese characters: 孙延生

Yours faithfully,
for and on behalf of the
Independent Board Committee of China Shengmu Organic Milk Limited

Handwritten signature in Chinese characters, reading '王立彦' (Wang Liyan).

Mr. Wang Liyan
Independent Non-executive Director