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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)

COMPLETION OF ACQUISITION OF MINORITY INTEREST IN THE 12 FARMING COMPANIES AND ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

References are made to the announcements of China Shengmu Organic Milk Limited (the “**Company**”) dated 21 December 2018, 8 March 2019, 28 March 2019 and 25 December 2019 respectively (the “**Announcements**”) and the circular of the Company dated 13 March 2019 (the “**Circular**”) in respect of, among other things, the Equity Transfer Framework Agreement, the Supplemental Agreement to the Equity Transfer Framework Agreement and the Supplemental Agreement II to the Equity Transfer Framework Agreement entered into by the Company, the 12 Individual Shareholders and Shengmu High-tech in relation to the Acquisition of minority interest in the 12 Farming Companies and issue of Consideration Shares under specific mandate.

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as defined in the Announcements and the Circular.

COMPLETION OF THE ACQUISITION AND ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

The Board is pleased to announce that all conditions precedent in respect of the Acquisition as set out in the sub-section headed “Conditions Precedent” in the “Letter from the Board” of the Circular have been fulfilled and the completion of the Acquisition (the “**Completion**”) took place on 29 May 2020.

Immediately before the Completion, the Company had 6,354,400,000 Shares in issue. Upon the Completion, 688,705,234 new Shares, representing 9.78% of the issued share capital of the Company as at the date of this announcement (as enlarged by the issue of the Consideration Shares), have been duly allotted and issued as fully paid to the BVI Companies I at the issue price of HK\$0.33 per Consideration Share under the Specific Mandate granted by Shareholders at the EGM held on 28 March 2019. Accordingly, immediately after the Completion, there are 7,043,105,234 Shares in issue.

For illustrative purpose only, set out below is a summary of the shareholding structures of the Company (i) immediately before the Completion; and (ii) immediately after the Completion:

Name of Shareholders	Immediately before the Completion		Immediately after the Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Nong You Co., Ltd. ⁽¹⁾	1,301,651,000	20.48	1,301,651,000	18.48
12 Individual Shareholders ⁽²⁾				
Li Yundong	—	—	89,186,509	1.27
Chen Qingjun	—	—	72,423,688	1.03
Wang Qiang	—	—	72,423,688	1.03
Li Yongqiang	—	—	57,724,516	0.82
Guo Yongfeng	2,232,000	0.04	64,625,665	0.92
Yuan Lun	—	—	56,629,283	0.80
Ren Junming	—	—	44,904,531	0.64
Wang Lixin	—	—	44,247,392	0.63
Yu Gong	—	—	53,401,230	0.76
Li Ruijun	—	—	44,028,345	0.62
Hou Liubin	—	—	44,028,345	0.62
Chang Zhiba	—	—	47,314,042	0.62
Other Shareholders	<u>5,050,517,000</u>	<u>79.48</u>	<u>5,050,517,000</u>	<u>71.71</u>
Total	<u>6,354,400,000</u>	<u>100.00</u>	<u>7,043,105,234</u>	<u>100.00</u>

(1) Mr. SHAO Genhuo (邵根夥), the Chairman and a non-executive Director of the Company, holds the entire equity interests of Beijing Zhi Nong Investment Co., Ltd., which in turn holds the entire equity interests of Nong You Co., Ltd. Therefore, Mr. Shao is deemed to be interested in the Shares held by Nong You Co., Ltd.

- (2) The 12 Individual Shareholders hold the respective equity interests in the Company through BVI Companies I.

By order of the Board of
China Shengmu Organic Milk Limited
Shao Genhuo
Chairman

Hong Kong, 29 May 2020

As at the date of this announcement, the executive directors of the Company are Mr. Yao Tongshan and Mr. Zhang Jiawang; and the non-executive directors of the Company are Mr. Shao Genhuo, Mr. Zhao Jiejun, Mr. Sun Qian and Mr. Lu Boxiang ; and the independent non-executive directors of the Company are Mr. Fu Wenge, Mr. Wang Liyan and Mr. Li Xuan.