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China Feihe Limited

中國飛鶴有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6186)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF FINANCIAL PRODUCT

SUBSCRIPTION OF FINANCIAL PRODUCT

We refer to the announcement of the Company (i) dated 19 April 2023, in relation to, among other things, the subscription of certain wealth management and structured deposit financial products of Construction Bank by the Group; and (ii) dated 8 December 2023 in relation to the subscription of structured deposit financial product of Construction Bank by the Group (the “**Subscription of Construction Financial Products**”).

The Board announces that on 27 December 2023, Feihe HLJ, a wholly-owned subsidiary of the Company, subscribed for structured deposit financial product offered by Construction Bank with an amount of RMB300 million using its idle funds (the “**Subscription of Structured Deposit Jiaxin No. 190**”). The key terms of the Subscription of Structured Deposit Jiaxin No. 190 are set out in the table below:

Subscription Date	Product Name	Principal Amount Subscribed (in RMB)	Expected Annual Return Rate %	Maturity Date	Type of Product	Investment Scope
27 December 2023	Jianxin Wealth Management Institutional Exclusive Jiaxin Fixed Income Closed-Ended Product 2023 No. 190 (建信理財機構專享嘉鑫固收類封閉式產品2023年第190期)	300,000,000	3.40%	25 December 2024	Non-principal guaranteed with floating return	Fixed income assets

As at the date of this announcement, the aggregated outstanding principal amount of the Group’s wealth management and structured deposit financial products subscribed from Construction Bank was RMB3,105,400,000.

BASIS OF DETERMINATION FOR THE CONSIDERATION

The Directors confirmed that the consideration of the Subscription of Structured Deposit Jiaxin No. 190 was determined on the basis of commercial terms negotiated at arm's length between the Group and Construction Bank, having considered (i) the current available surplus cash of the Group for treasury management purpose; and (ii) the expected investment return and terms of the relevant product.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION OF STRUCTURED DEPOSIT JIAXIN NO. 190

Using temporary idle funds reasonably and effectively will enhance the capital gain of the Company, which is consistent with the core objectives of the Company to ensure capital safety and liquidity and meet the capital needs of the Group's daily operations and dividend payment, etc. The risk associated with the Subscription of Structured Deposit Jiaxin No. 190 is low, while the Company can enjoy a relatively higher return from investments in the Subscription of Structured Deposit Jiaxin No. 190 than current savings or time deposits generally offered by commercial banks in the PRC.

The Directors considered that the terms and the transaction contemplated under the agreement in respect of the Subscription of Structured Deposit Jiaxin No. 190 are fair and reasonable, on normal commercial terms, and are in the interests of the Company and its Shareholders as a whole.

The Group has implemented adequate and appropriate internal control procedures to ensure the Subscription of Structured Deposit Jiaxin No. 190 would not affect the working capital or the operations of the Group, and that such investment would be conducted on the principle of protecting the interests of the Company and its Shareholders as a whole.

GENERAL INFORMATION ON THE PARTIES

Information on the Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 26 October 2012, whose shares are listed on the Main Board of the Stock Exchange. The Group is primarily engaged in the production and sale of dairy products and raw milk, and sale of nutritional supplements.

Information on Construction Bank

Construction Bank is a joint stock limited company incorporated in the PRC, whose H shares and A shares are listed on the Stock Exchange (stock code: 939) and Shanghai Stock Exchange (stock code: 601939), respectively. The principal businesses of Construction Bank include provision of corporate and personal banking services, treasury business, asset management, trustee, finance leasing, investment banking, insurance and other financial services.

As at the date of this announcement, to the best knowledge and belief of the Directors and having made all reasonable enquiries, Construction Bank and its ultimate substantial beneficial owners as publicly disclosed by Construction Bank are independent third parties of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As (i) the Subscription of Construction Financial Products and the Subscription of Structured Deposit Jiaxin No. 190 are made between the Group and Construction Bank, and (ii) when making the Subscription of Structured Deposit Jiaxin No. 190, some of the wealth management and structured deposit financial products subscribed under the Subscription of Construction Financial Products remain outstanding, pursuant to Rule 14.22 of the Listing Rules, such transactions shall be aggregated. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules), on an aggregate basis, in respect of the Subscription of Construction Financial Products and the Subscription of Structured Deposit Jiaxin No. 190 exceeds 5% but is less than 25%, such transactions constitute discloseable transactions of the Company for the purpose of the Listing Rules and are subject to the notification and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below, unless the context requires otherwise:

“Board”	the board of directors of the Company
“Company”	China Feihe Limited, an exempted company incorporated in the Cayman Islands with limited liability on 26 October 2012
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Construction Bank”	China Construction Bank Corporation (中國建設銀行股份有限公司)
“Construction Financial Products”	the wealth management and structured deposit financial products issued by Construction Bank and subscribed by the Company, which were disclosed in the announcements of the Company dated 19 April 2023 and 8 December 2023
“Director(s)”	director(s) of the Company
“Feihe HLJ”	Heilongjiang Feihe Dairy Co., Limited* (黑龍江飛鶴乳業有限公司), a company established in the PRC on 21 August 1996 and a wholly-owned subsidiary of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“independent third party(ies)”	an individual(s) or a company(ies) who or which, to the best knowledge and belief of the Directors and having made all reasonable enquiries, is(are) not a connected person of the Company within the meaning of the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China excluding, for the purposes of this announcement, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	Per cent

By Order of the Board
China Feihe Limited
LENG Youbin
Chairman

Beijing, China, 27 December 2023

As at the date of this announcement, our executive directors are Mr. LENG Youbin, Mr. LIU Hua, Mr. CAI Fangliang and Ms. Judy Fong-Yee TU; our non-executive directors are Mr. GAO Yu, Mr. Kingsley Kwok King CHAN and Mr. CHEUNG Kwok Wah; and our independent non-executive directors are Ms. LIU Jinping, Mr. SONG Jianwu, Mr. FAN Yonghong and Mr. Jacques Maurice LAFORGE.

* *For identification purposes only*