中国飞鹤

China Feihe Limited

中國飛鶴有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6186)

CONNECTED TRANSACTION
ACQUISITION OF LAND USE RIGHTS

THE ACQUISITION

On 28 July 2026, Feihe HLJ, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with HLJ Tengfei, pursuant to which HLJ Tengfei agreed to sell and Feihe HLJ agreed to acquire the land use rights of the Property at a consideration of RMB28,400,000 (tax inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, HLJ Tengfei is substantially controlled by Mr. Leng Youbin, an executive Director, chairman of the Board and chief executive officer, and the controlling shareholder (as defined under the Listing Rules) of the Company. Therefore, HLJ Tengfei is an associate of Mr. Leng Youbin and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Sale and Purchase Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the transaction contemplated under the Sale and Purchase Agreement exceeds 0.1% but is less than 5%, the Sale and Purchase Agreement and the transaction contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE SALE AND PURCHASE AGREEMENT

Set out below are the key terms of the Sale and Purchase Agreement:

Date:	28 July 2026
Parties:	Feihe HLJ, as the transferee; and HLJ Tengfei, as the transferor
Target:	The target of the Sale and Purchase Agreement is the land use rights of the Property, which comprises of (a) two parcels of land located at Qingxiang Street, Kedong County, Qiqihar City, Heilongjiang Province, PRC with a total site area of 62,735.01 square metres, and (b) a factory and various ancillary structures erected thereon, among which, the factory is a partially two-storey production factory with a total gross floor area of approximately 6,014.96 square metres, and the structures mainly include walls and roads. The Property is for industrial purpose. Based on the information provided by HLJ Tengfei, HLJ Tengfei obtained the land use rights of the Property in December 2017, the original acquisition cost of the Property to HLJ Tengfei was approximately RMB10.1 million and the book value of the Property as of 30 June 2026 was approximately RMB24.4 million. Based on the unaudited management account provided by HLJ Tengfei, the Property generated rental income of approximately RMB8.3 million in 2024, with a net profit before and after taxation of approximately RMB0.59 million and RMB0.44 million, respectively in 2024. The Property had no income generated in 2025 or 2026.
Consideration:	The consideration is RMB28,400,000 (tax inclusive), payable in cash. The consideration was determined after arm's length negotiation by reference to the valuation report (the "**Valuation Report**") prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "**Valuer**"), an independent professional valuer, according to which the market value of the Property as at 31 December 2025 amounted to RMB28,400,000 (the "**Valuation**"), on a market value basis. The consideration will be paid by Feihe HLJ with its internal resources.

Payment terms: The consideration shall be settled in instalments based on the following milestones:

(i) First Instalment: RMB8,520,000 shall be payable by Feihe HLJ to HLJ Tengfei within five business days upon signing of the Sale and Purchase Agreement, subject to the completion of the delivery of the Property by HLJ Tengfei and the execution of the written asset delivery confirmation by both parties; and

(ii) Second Instalment: RMB19,880,000 shall be payable by Feihe HLJ to HLJ Tengfei within five business days from the date on which the registration procedures for the transfer of the land use rights under the name of Feihe HLJ have been completed by HLJ Tengfei and Feihe HLJ has obtained the new real estate title certificate.

Registration: The parties shall complete the necessary registration procedures regarding the transfer of the land use rights of the Property at the registration authority within 30 days from the date of executing the Sale and Purchase Agreement.

VALUATION

A summary of the Valuation Report is set out as below.

Valuation Method

The Valuation was carried out on a market value basis. Due to the nature of the buildings and structures of the Property interest and the particular location in which it is situated, there are unlikely to be relevant market comparable sales readily available. The Property interest has therefore been valued by the cost approach with reference to their depreciated replacement cost.

In arriving at the value of the land portion, the Valuer has adopted the comparison approach in its assessment of the land element of Property. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. The depreciated replacement cost of the Property interest is subject to adequate potential profitability of the concerned business. According to the Valuer, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Replacement cost

Based on the Valuer's in-depth market research, on-site inspection and professional valuation analysis of the Property, the Valuer is of the opinion that the unit replacement cost of the buildings constituting the Property varies significantly in accordance with differences in structural type, storey height, construction standard, interior and exterior decoration grade as well as functional configuration of different buildings.

Specifically, the unit replacement cost of the heavy-duty steel frame industrial production workshops which feature high storey height, professional industrial construction standards and wear-resistant and anti-corrosion functional treatments, ranges from RMB3,200 sq.m to RMB3,800 sq.m. This unit price has taken into account the foundations of immovable equipment inside the workshops as well as basic interior decoration works of office areas.

In addition, after comprehensive field verification and market investigation, the total replacement cost of the structures of the Property is approximately RMB1,660,000.

Depreciation rate

The Valuer assumed that the buildings and structures were in reasonable condition commensurate with their age and usage. The Valuer considered that the depreciation rates of the buildings and structures of the Property vary from 10% to 20% depending on their economic useful life and existing maintenance condition.

Land Transaction Comparables and Adjustment Factors

The Valuer has adopted the comparison approach in its assessment of the land element of the Property by making reference to sales prices of land within the locality which have the similar characteristics comparable to the Property. The summary of comparables considered in the Valuation is illustrated in the table below:

Item	Comparable A	Comparable B	Comparable C
Transaction Price (RMB)	1,263,900	806,300	731,410
Land unit price (RMB/sq.m.)	137	140	140
Address	Heilongjiang Kedong Economic Development Zone, Kedong County	Heilongjiang Kedong Economic Development Zone, Kedong County	Heilongjiang Kedong Economic Development Zone, Kedong County
Usage	Industrial	Industrial	Industrial
Transaction date	July 2025	September 2025	July 2025
Type of land use rights	Granted	Granted	Granted
Land use rights term	50 years	50 years	50 years

Appropriate adjustments and analysis are considered to the differences in several aspects including but not limited to transaction time, location and accessibility, size, shape, land use rights term and infrastructure between the comparable land parcels and the Property to arrive at an assumed unit rate for the land of the Property. The Valuer has adopted a land unit price of RMB141 per square meter in undertaking the Valuation.

Valuation Assumptions

The Valuation has been made on the assumption that the seller sells the Property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Property interest.

No allowance has been made in the Valuation Report for any charge, mortgage or amount owing on any of the Property interest valued nor for any expense or taxation which may be incurred in effecting a sale. It is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Valuation Results

According to the Valuer, the total market value of the Property is RMB28,400,000, based on a valuation benchmark date of 31 December 2025.

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. Mr. Leng Youbin is the controlling shareholder (as defined under the Listing Rules) of the Company.

Information on Feihe HLJ

Feihe HLJ is a limited liability company established in the PRC on 21 August 1996 and a wholly owned subsidiary of the Company. Feihe HLJ is primarily engaged in the production and distribution of infant milk formula products.

Information on HLJ Tengfei

HLJ Tengfei is a limited liability company established in the PRC on 24 November 2004 and is principally engaged in the production and sales of food. As at the date of this announcement, HLJ Tengfei is substantially controlled by Mr. Leng Youbin.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board believes that the Acquisition represents an opportunity to support the Group’s business expansion and enhance its long-term operational efficiency. The Property is located close to the Group’s existing production facilities in Heilongjiang Province. This proximity is expected to streamline the Group’s production, warehousing, and delivery workflows, shorten internal logistics routes, and reduce overall transportation costs. Consequently, the Acquisition will support the expansion of the Group’s production and warehousing operations, fostering stronger synergies among its existing facilities and resources in Heilongjiang Province.

Besides, the Property is well-suited for the Group’s intended use. The existing factory buildings, utility networks, and related infrastructure (including fire safety facilities) have been substantially completed and are in good condition. As the interior decoration and necessary production equipment are also generally in place, the Company expects that no material additional capital expenditure will be required for renovation, infrastructure works, or equipment installation before the Property can be commissioned. This immediate operational readiness will allow the Group to quickly deploy the Property.

Through the Acquisition, the Group can secure stable premises for its operations, thereby mitigating risks associated with lease renewals, rental fluctuations, and potential relocation disruptions. This stability will enhance the Group's long-term operational planning.

Having considered the reasons for and the benefits of the Acquisition, the Directors (including the independent non-executive Directors) are of the view that, although not entered into in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement are on normal commercial terms, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

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Mr. Leng Youbin is considered to have material interest in the Sale and Purchase Agreement and had abstained from voting on the relevant resolution of the Board. Save as disclosed above, none of the Directors attended the Board meeting has a material interest in the Sale and Purchase Agreement and the transaction contemplated thereunder.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meaning:

"Acquisition"	the acquisition of the land use rights of the Property by Feihe HLJ from HLJ Tengfei pursuant to the terms and conditions of the Sale and Purchase Agreement
"Board"	the board of Directors
"Company"	China Feihe Limited, an exempted company incorporated in the Cayman Islands with limited liability on 26 October 2012
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company

"Feihe HLJ"	Heilongjiang Feihe Dairy Co., Ltd.* (黑龍江飛鶴乳業有限公司), a limited liability company established in the PRC on 21 August 1996 and a wholly owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HLJ Tengfei"	Heilongjiang Tengfei Food Co., Ltd.* (黑龍江騰飛食品有限公司), a limited liability company established in the PRC on 24 November 2004
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, but for the purpose of this announcement only, except where the context requires, references in this announcement to the PRC or China exclude Hong Kong, Macau and Taiwan
"Property"	(a) two parcels of land located at Qingxiang Street, Kedong County, Qiqihar City, Heilongjiang Province, PRC with a total site area of 62,735.01 square metres, and (b) a factory and various ancillary structures erected thereon, among which, the factory is a partially two-storey production factory with a total gross floor area of approximately 6,014.96 square metres, and the structures mainly include walls and roads
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the agreement for the Sale and purchase dated 28 July 2026 entered into between Feihe HLJ and HLJ Tengfei in relation to the sale and purchase of the land use rights of the Property
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board
China Feihe Limited
LENG Youbin
Chairman

Beijing, China, 28 July 2026

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. CHEUNG Kwok Wah and Mr. Maher EL-OMARI (alias: Mac); 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*