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AUSNUTRIA DAIRY CORPORATION LTD

澳優乳業股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1717)

REVISION OF THE EXISTING ANNUAL CAPS UNDER THE 2025 PROCUREMENT FRAMEWORK AGREEMENT

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Reference is made to the announcement of the Company dated 27 December 2024 in relation to, among other things, entering into of the 2025 Procurement Framework Agreement between the Company and Yili Industrial for a term commencing from 1 January 2025 to 31 December 2027.

Based on the Group's unaudited management accounts and operational data for the seven months ended 31 July 2025, it has come to the attention of the Board that the transaction amount under the 2025 Procurement Framework Agreement for the seven months ended 31 July 2025 was approximately RMB33.5 million (representing approximately 83.9% of the Existing Annual Caps for the Year 2025), approaching the Existing Annual Caps for the Year 2025, and it is expected that the Existing Annual Caps for the Year 2025 will be exceeded before year-end.

Given the foregoing, the Company and Yili Industrial entered into the Supplemental Agreement on 27 August 2025 to revise the Existing Annual Caps (in particular the annual caps for the Year 2025).

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Yili Industrial is a controlling Shareholder holding 1,070,113,149 Shares, representing 60.2% of the issued Shares. Accordingly, Yili Industrial is a connected person of the Company under the Listing Rules.

As such, the entering into of the Supplemental Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the annual cap under the Supplemental Agreement exceeds 0.1% but is less than 5%, the Supplemental Agreement is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

REVISION OF THE EXISTING ANNUAL CAPS UNDER THE 2025 PROCUREMENT FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 27 December 2024 (the “**Announcement**”) in relation to, among other things, the entering into of the 2025 Procurement Framework Agreement between the Company and Yili Industrial for a term commencing from 1 January 2025 to 31 December 2027. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

Based on the Group’s unaudited management accounts and operational data for the seven months ended 31 July 2025, it has come to the attention of the Board that the transaction amount under the 2025 Procurement Framework Agreement for the seven months ended 31 July 2025 was approximately RMB33.5 million (representing approximately 83.9% of the Existing Annual Caps for the year ending 31 December 2025 (the “**Year 2025**”)), approaching the annual caps in respect of the transactions contemplated under the 2025 Procurement Framework Agreement (the “**Existing Annual Caps**”) for the Year 2025, and it is expected that the Existing Annual Caps for the Year 2025 will be exceeded before year-end.

Given the foregoing, the Company and Yili Industrial entered into a supplemental agreement to the 2025 Procurement Framework Agreement (the “**Supplemental Agreement**”) on 27 August 2025 to revise the Existing Annual Caps (in particular the annual caps for the Year 2025).

Pursuant to the Supplemental Agreement, the Existing Annual Caps under the 2025 Procurement Framework Agreement for the Year 2025 will be revised as follows (the “**Revised Annual Caps**”):

	Financial year ending 31 December		
	2025	2026	2027
	(RMB million)	(RMB million)	(RMB million)
Existing Annual Caps	40	90	120
Revised Annual Caps	80	90	120

The Revised Annual Caps are determined after taking into account the followings:

- (i) the pricing terms;
- (ii) the historical transaction amount of approximately RMB33.5 million for the seven months ended 31 July 2025 (representing approximately 83.9% of the Existing Annual Caps for the Year 2025) that the Group paid to the Yili Industrial Group pursuant to the 2025 Procurement Framework Agreement;
- (iii) the expected purchase amounts of cow milk base powder and related ingredients payable by the Group to the Yili Industrial Group for the Year 2025, taking into account the anticipated increase in the procurement amount of cow milk base powder and related ingredients from the Yili Industrial Group, resulted from the Yili Industrial Group taking up the additional procurement orders during the Year 2025 (as further explained in the section headed “Reasons for and benefits of revising the annual caps” below);
- (iv) the potential increases in raw material costs and market prices of relevant products (including due to inflation or other reasons) for the Year 2025; and

- (v) there is no significant change in the expected purchase amounts of cow milk base powder and related ingredients by the Group from the Yili Industrial Group for the two years ending 31 December 2026 and 2027.

Save as disclosed above, all the other major terms and conditions of the 2025 Procurement Framework Agreement (including, among other things, the pricing terms) remain unchanged and in full force and effect in all respects. For material terms of the 2025 Procurement Framework Agreement, please refer to the Announcement.

REASONS FOR AND BENEFITS OF REVISING THE ANNUAL CAPS

Having considered (i) the supply cycle, production capacity and overall costs of the Yili Industrial Group as compared to other independent third party suppliers; and (ii) certain existing suppliers of the Group ceased to provide certain types of cow milk base powder to the Group since July 2025, the Company has been increasing its procurement proportion from the Yili Industrial Group to ensure reliable and timely supply of cow milk base powder and related ingredients, in particular during the Year 2025.

As the transaction amount for procurement of cow milk base powder and related ingredients from the Yili Industrial Group for the seven months ended 31 July 2025 reached approximately RMB33.5 million (representing approximately 83.9% of the Existing Annual Caps for the Year 2025), which is expected to exceed the Existing Annual Caps for the Year 2025 before year-end, the Company entered into the Supplemental Agreement with the Yili Industrial Group to revise the Existing Annual Caps for the Year 2025.

The Directors (including the independent non-executive Directors) are of the view that the 2025 Procurement Framework Agreement, the Supplemental Agreement and the transactions contemplated thereunder are conducted on arm's length basis and on normal commercial terms in the ordinary and usual course of business of the Company and the terms of the 2025 Procurement Framework Agreement and the Supplemental Agreement (including the Revised Annual Caps) are fair and reasonable, and the 2025 Procurement Framework Agreement, the Supplemental Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

No Director has a material interest in the 2025 Procurement Framework Agreement, the Supplemental Agreement and the transactions contemplated thereunder. As such, none is required to abstain from voting on the relevant resolutions of the Board.

INFORMATION ON THE COMPANY AND YILI INDUSTRIAL

The Group is principally engaged in the (i) dairy industry with activities ranging from research and development, milk collection, processing, production, packaging, marketing and distribution of infant formula and other dairy products to customers in the PRC, the Netherlands, Australia, the Middle East and other overseas countries; and (ii) research and development, production, marketing and distribution of nutrition products to customers principally located in the PRC and Australia.

Yili Industrial is a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange in the PRC (stock code: 600887). Yili Industrial is a dairy product enterprise with the largest scale and most comprehensive product categories in the PRC. It is principally engaged in the processing, manufacturing and sales of various dairy products and healthy beverages. It has several major product series, including liquid milk, milk beverages, milk powder, yoghurt, frozen beverages, cheese, milk fat and packaged drinking water.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Yili Industrial is a controlling Shareholder holding 1,070,113,149 Shares, representing 60.2% of the issued Shares. Accordingly, Yili Industrial is a connected person of the Company under the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, if the Company proposes to revise the Existing Annual Caps, the Company will have to re-comply with provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As such, the entering into of the Supplemental Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the annual cap under the Supplemental Agreement exceeds 0.1% but is less than 5%, the Supplemental Agreement is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

By order of the Board
Ausnutria Dairy Corporation Ltd
HAN Shixiu
Chairman

The PRC, 27 August 2025

As at the date of this announcement, the Board comprises Mr. Ren Zhijian (CEO), Mr. Bartle van der Meer and Mr. Zhang Zhi as the executive Directors; Mr. Han Shixiu (Chairman), Ms. Yan Junrong and Mr. Zou Ying as the non-executive Directors; and Mr. Ma Ji, Mr. Chen Fuquan and Mr. Aidan Maurice Coleman as the independent non-executive Directors.