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Ausnutria

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)

CONTINUING CONNECTED TRANSACTION

THE PROBIOTICS SUPPLY FRAMEWORK AGREEMENT

On 31 October 2025, the Company entered into the Probiotics Supply Framework Agreement with Yili Industrial, a controlling Shareholder of the Company, pursuant to which the Yili Industrial Group agreed to purchase the Probiotics and Related Products from the Group from time to time during the terms of the Probiotics Supply Framework Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Yili Industrial is a controlling Shareholder holding 1,070,113,149 Shares, representing 60.18% 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 Probiotics Supply Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps under the Probiotics Supply Framework Agreement exceed 0.1% but less than 5%, the Probiotics Supply Framework 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.

PRINCIPAL TERMS OF THE PROBIOTICS SUPPLY FRAMEWORK AGREEMENT

On 31 October 2025, the Company entered into the Probiotics Supply Framework Agreement with Yili Industrial, a controlling Shareholder of the Company, pursuant to which the Yili Industrial Group agreed to purchase the Probiotics and Related Products from the Group from time to time during the terms of the Probiotics Supply Framework Agreement. Principal terms of the Probiotics Supply Framework Agreement are summarised below.

Date:	31 October 2025
Parties:	The Company as seller Yili Industrial as purchaser
Duration:	From the date of execution of the Probiotics Supply Framework Agreement to 31 December 2027 (both days inclusive).
Nature of Transaction:	Sale and purchase of the Probiotics and Related Products. The exact terms and volume of the Probiotics and Related Products to be supplied by the Group to the Yili Industrial Group will be provided in individual purchase orders.
Pricing Terms:	Pursuant to the Probiotics Supply Framework Agreement, the prices charged for the sale and purchase of the Probiotics and Related Products shall be determined after arm's length negotiations between the parties according to the following guidelines: (i) where there is a tender and bidding process, the bidding price; or (ii) where there is no tender and bidding process, the comparable local, national or international industry prices of the different types and qualities of related products and services obtained through independent third parties; or (iii) where there is no tender and bidding process and comparable industry prices for the specific type of product or where it is not practicable to apply the above pricing policies, the Yili Industrial Group shall obtain and compare quotations for similar products from independent third party suppliers, and these quotations shall be compared against the terms offered by the Group taking into account the technology, quality, procurement volume and historical transaction prices of the Group in respect of similar products to determine the pricing.
Payment Terms:	Payment shall be made by the Yili Industrial Group to the Group in accordance with the terms in each individual purchase order and in any event within 90 natural days.

Annual Cap

Before the entry of the Probiotics Supply Framework Agreement, the Group has, in its ordinary and usual course of business and on normal commercial terms or better, entered into transactions equivalent to the transactions contemplated under the Probiotics Supply Framework Agreement with the Yili Industrial Group, and for the nine months ended 30 September 2025, the transactions amounted to approximately RMB3.75 million (unaudited). As the applicable percentage ratios in respect of such previous transactions were less than 0.1%, such transactions fell below the de minimis threshold as stipulated under Rule 14A.76 of the Listing Rules, and were therefore fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on an internal review of the transactions, the Company expects that the aggregate transaction amount for the year ending 31 December 2025 would exceed the de minimus threshold under Rule 14A.76 of the Listing Rules. The Company has therefore entered into the Probiotics Supply Framework Agreement with Yili Industrial in compliance with the relevant requirements under the Listing Rules.

The annual cap in respect of the transactions contemplated under the Probiotics Supply Framework Agreement for each of the financial years ending 31 December 2026, 31 December 2027 and 31 December 2028 is RMB10 million, RMB40 million and RMB65 million, respectively.

The above annual caps were determined after taking into account, among other things, the following key factors:

(i) historical transaction amounts between the Group and the Yili Industrial Group;

(ii) the price of the Probiotics and Related Products to be produced;

(iii) expected demand for the Probiotics and Related Products by the Yili Industrial Group during the term of the Probiotics Supply Framework Agreement (including a buffer for unexpected demand); and

(iv) production capacity of the Group.

INTERNAL CONTROL

The Company has implemented internal control procedures and policies to monitor connected transactions (including continuing connected transactions) and to ensure that all connected transactions are entered into in accordance with pricing policies and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group has closely observed the market trend, including the pricing terms (such as standalone price and cost-plus margin) of transactions between the Group and independent third parties in respect of similar materials and/or products. Before entering into any connected transactions, the procurement and operation department of the Group will compare quotations for similar transactions with independent third parties for similar products and/or materials. Accordingly, the Company is able to ensure that the pricing terms under the Probiotics Supply Framework Agreement are on normal commercial terms and no less favourable than those available from independent third parties.

The Company will closely monitor the connected transactions to ensure that they are conducted in accordance with the terms of the relevant connected transaction agreements. In the event that the annual caps of the Probiotics Supply Framework Agreement are about to be exceeded, the Company will revise them in accordance with the relevant Listing Rules requirements.

In addition, the independent non-executive Directors will conduct an annual review of the transactions contemplated under the Probiotics Supply Framework Agreement. The Company's external auditors will also review the transactions as contemplated under the Probiotics Supply Framework Agreement annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded.

The Directors consider that the Company has established sufficient internal control measures to ensure the transactions under the Probiotics Supply Framework Agreement are conducted in the usual and ordinary course of business of the Group, fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROBIOTICS SUPPLY FRAMEWORK AGREEMENT

The Group is one of the major infant formula players in the PRC, particularly in the goat milk sector, which has secured a certain volume of goat milk-related resources over the years of development and with production facilities located in various major dairy countries. The Yili Industrial Group is the largest dairy enterprise in the PRC with the most comprehensive product portfolio.

As the Group and the Yili Industrial Group increasingly leverage synergies in areas such as product development and channel expansion, the benefits are becoming increasingly evident. The Company believes that the entering into of the Probiotics Supply Framework Agreement will better leverage both parties' strengths, particularly in the production capability, as well as the resources that they have established in different countries over the years.

The Directors (including the independent non-executive Directors) are of the view that the Probiotics Supply Framework Agreement and the transactions contemplated thereunder provide greater flexibility and efficiency to the business transactions between the Group and the Yili Industrial Group and would enable greater synergies to be achieved between the Group and the Yili Industrial Group.

The Directors (including the independent non-executive Directors) are of the view that the Probiotics Supply Framework 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 Probiotics Supply Framework Agreement (including the annual caps) are fair and reasonable, and the entering into of the Probiotics Supply Framework Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

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 60.18% 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 Probiotics Supply Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps under the Probiotics Supply Framework Agreement exceed 0.1% but less than 5%, the Probiotics Supply Framework 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.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

"Board"	the board of Directors of the Company
"Company"	Ausnutria Dairy Corporation Ltd, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1717)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong Dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Probiotics and Related Products"	health foods, solid beverages, candies, formulated milk powder, other special dietary foods, food additives, beverages, and other health food-related ingredients and formulations
"Probiotics Supply Framework Agreement"	the framework agreement dated 31 October 2025 entered into between the Company and Yili Industrial in relation to the sale of the Probiotics and Related Products to the Yili Industrial Group
"RMB"	means Renminbi, the lawful currency of the PRC
"Shareholder(s)"	the holder(s) of the Share(s)
"Share(s)"	ordinary share(s) of par value of HK$0.10 each in the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Yili Industrial"	Inner Mongolia Yili Industrial Group Co., Ltd.* (內蒙古伊利實業集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange of the PRC (stock code: 600887)
"Yili Industrial Group"	Yili Industrial and its subsidiaries (for the purpose of the Probiotics Supply Framework Agreement, excluding the Group)

* *For identification purpose only*

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

The PRC, 31 October 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.