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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)

(1) MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION IN RELATION TO THE 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT AND (2) CONTINUING CONNECTED TRANSACTION IN RELATION TO THE REVISION OF EXISTING ANNUAL CAPS UNDER THE 2025 MANUFACTURING SERVICE FRAMEWORK AGREEMENT

THE 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 29 August 2023 in relation to the entering into of the 2023 Financial Services Framework Agreement.

As the 2023 Financial Services Framework Agreement will expire on 28 August 2026, on 31 March 2026 (after trading hours), the Company entered into the 2026 Financial Services Framework Agreement with Yili Finance, pursuant to which Yili Finance agreed to continue to provide a range of financial services, namely the Deposit Services, the Loan Services, the Settlement Services and the Other Financial Services, to the Group for a term of three years commencing from the Effective Date on the similar terms and conditions as those contemplated under the 2023 Financial Services Framework Agreement.

THE 2026 MANUFACTURING SERVICE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 27 December 2024 in relation to, among other things, the entering into of the 2025 Manufacturing Service Framework Agreement between the Company and Yili Industrial for provision of manufacturing services by the Yili Industrial Group to the Group.

Based on the Group's unaudited management accounts and operational data for the year ended 31 December 2025, it has come to the attention of the Board that the transaction amount under the 2025 Manufacturing Service Framework Agreement for the year ended 31 December 2025 was approximately RMB132.1 million (representing approximately 94.3% of the existing annual caps for the year ended 31 December 2025) and it is expected that the existing annual caps under the 2025 Manufacturing Service Framework Agreement for the years ending 31 December 2026 and 2027 will be exceeded.

Given the foregoing, on 31 March 2026, the Company entered into the 2026 Manufacturing Service Framework Agreement with Yili Industrial for a term commencing from the Effective Date up to and including 31 December 2028 in relation to the provision of manufacturing services by the Yili Industrial Group to the Group from time to time during the terms of the 2026 Manufacturing Service Framework Agreement, replacing the 2025 Manufacturing Service Framework Agreement (in particular revising the annual caps thereunder).

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 and Yili Finance is a wholly-owned subsidiary of Yili Industrial. Accordingly, each of Yili Industrial and Yili Finance is a connected person of the Company under the Listing Rules and the entering into of the 2026 Financial Services Framework Agreement and the 2026 Manufacturing Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The 2026 Financial Services Framework Agreement

The Deposit Services

Based on the aggregate maximum daily balance of deposits (including the interests accrued thereon) to be placed by the Group with Yili Finance, the highest of the applicable Percentage Ratios in respect of the Deposit Services under the 2026 Financial Services Framework Agreement is 25% or more but less than 100%. As such, the Deposit Services under the 2026 Financial Services Framework Agreement constitute (i) non-exempt continuing connected transaction subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) major transaction subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Loan Services

The Loan Services under the 2026 Financial Services Framework Agreement involve the provision of financial assistance by Yili Finance to the Group. As the Loan Services to be provided under the 2026 Financial Services Framework Agreement shall be on normal commercial terms or better (i.e. terms that are similar or more favourable than those offered by other major commercial banks in the PRC for the provision of comparable services) and no security will be granted by the Group over its assets in respect of such loan services, the Loan Services are fully exempt from the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Settlement Services and the Other Financial Services

As all the applicable Percentage Ratios in respect of the service fees payable by the Group to Yili Finance, in aggregate, for the Settlement Services and the Other Financial Services under the 2026 Financial Services Framework Agreement on an annual basis are expected to be less than 0.1% and therefore fall below the de minimis threshold under Rule 14A.76 of the Listing Rules; and the terms of such services shall be on normal commercial terms or better, the Settlement Services and the Other Financial Services are fully exempt from the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The 2026 Manufacturing Service Framework Agreement

As the highest applicable Percentage Ratio in respect of the annual caps under the 2026 Manufacturing Service Framework Agreement exceeds 5%, the transactions contemplated under the 2026 Manufacturing Service Framework Agreement are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Ma Ji, Mr. Chen Fuquan and Mr. Aidan Maurice Coleman) has been established to advise the Independent Shareholders in connection with the Deposit Services contemplated under the 2026 Financial Services Framework Agreement and transactions contemplated under the 2026 Manufacturing Service Framework Agreement (including the proposed annual caps).

Frontpage Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Deposit Services contemplated under the 2026 Financial Services Framework Agreement and transactions contemplated under the 2026 Manufacturing Service Framework Agreement (including the proposed annual caps).

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Deposit Services contemplated under the 2026 Financial Services Framework Agreement and transactions contemplated under the 2026 Manufacturing Service Framework Agreement (including the proposed annual caps).

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the 2026 Financial Services Framework Agreement and the 2026 Manufacturing Service Framework Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Deposit Services contemplated under the 2026 Financial Services Framework Agreement and transactions contemplated under the 2026 Manufacturing Service Framework Agreement (including the proposed annual caps); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of EGM, will be despatched to the Shareholders in compliance with the Listing Rules.

Pursuant to Rule 14A.68(11) of the Listing Rules, a circular is required to be despatched to the Shareholders within 15 business days after the publication of this announcement, being on or before 24 April 2026. If it is expected that there will be a delay to the despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason(s) for the delay and the new expected date of despatch of the circular.

1. THE 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 29 August 2023 in relation to the entering into of the 2023 Financial Services Framework Agreement.

As the 2023 Financial Services Framework Agreement will expire on 28 August 2026, on 31 March 2026 (after trading hours), the Company entered into the 2026 Financial Services Framework Agreement with Yili Finance, pursuant to which Yili Finance agreed to continue to provide a range of financial services, namely the Deposit Services, the Loan Services, the Settlement Services and the Other Financial Services, to the Group for a term of three years commencing from the Effective Date on the similar terms and conditions as those contemplated under the 2023 Financial Services Framework Agreement.

The principal terms of the 2026 Financial Services Framework Agreement are set out below:

Date	:	31 March 2026
Parties	:	(1) The Company; and (2) Yili Finance
Term	:	The 2026 Financial Services Framework Agreement shall become effective on the Effective Date and shall remain in force for a term of three years from the Effective Date.

The 2023 Financial Services Framework Agreement shall be terminated on the Effective Date and be replaced in its entirety by the 2026 Financial Services Framework Agreement.

Scope of services	:	Yili Finance shall provide the following financial services to the Group: (i) the Deposit Services; (ii) the Loan Services; (iii) the Settlement Services; and (iv) the Other Financial Services.
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Pricing guidelines : The interest rates provided by Yili Finance and fees payable by the Group under the 2026 Financial Services Framework Agreement shall be determined according to the following guidelines:

- (i) the interest rates for the Deposit Services provided by Yili Finance shall comply with the relevant requirements set forth by the regulatory authorities and shall be no less than (a) the benchmark deposit rates prescribed by the PBOC; and (b) deposit rates payable by major independent commercial banks in the PRC in respect of deposits of similar nature;
- (ii) the interest rates for the Loan Services provided by Yili Finance shall not be higher than the minimum interest rates quoted by major commercial banks in the PRC in respect of similar type of loans;
- (iii) the service fees payable by the Group to Yili Finance for the Settlement Services shall not be higher than the fees quoted by major commercial banks in the PRC for similar type of services; and
- (iv) the service fees payable by the Group to Yili Finance for the Other Financial Services shall be the lower of (i) the fees publicly quoted by major independent commercial banks in the PRC for similar type of services; (ii) the standard price prescribed by the PBOC, the NFRA or other applicable regulatory authorities for similar type of services; and (iii) the fee charged by other independent commercial banks for providing similar type of services to the Group.

HISTORICAL TRANSACTION AMOUNTS

The Deposit Services

Set out below are the historical aggregate amount of the maximum daily outstanding balance of deposits (including accrued interests) placed by the Group with Yili Finance for each of the financial years ended 31 December 2023, 2024 and 2025:

	For the year ended 31 December		
	2023	2024	2025
Aggregate amount of maximum daily outstanding balance of deposits (including accrued interests) (RMB million)	209.9	195.2	204.2

The Loan Services

The Group did not have any outstanding loan amount (including interests accrued thereon) from Yili Finance for the three years ended 31 December 2023, 2024 and 2025.

The Group did not conduct any bill acceptance, bill discounting, guarantee, financial leasing and other forms of credit services with Yili Finance for the three years ended 31 December 2023, 2024 and 2025 and up to the date of this announcement.

The Settlement Services and the Other Financial Services

For each of the three years ended 31 December 2023, 2024 and 2025, Yili Finance did not charge the Group for the provision of the Settlement Services and the Other Financial Services.

PROPOSED ANNUAL CAPS

The Deposit Services

The aggregate amount of the maximum daily outstanding balance of deposits (including accrued interests) to be placed by the Group with Yili Finance pursuant to the 2026 Financial Services Framework Agreement for the three-year period commencing from the Effective Date shall not exceed the maximum amounts set out below (i.e. the proposed revised annual caps):

		Year ending 31 December		
	From the Effective Date up to 31 December 2026	2027	2028	2029 (up to the expiry date of the 2026 Financial Services Framework Agreement)
Aggregate amounts of the maximum daily balance of deposits (including the interest accrued thereon) (RMB million)	800	1,000	1,800	2,000

In arriving at the maximum daily balance of deposits (including interest accrued thereon) for the Deposit Services, the Directors considered the followings:

- (i) the historical transaction amounts as stated above;
- (ii) the latest cash and current assets position of the Group;
- (iii) the increasing asset and operation scale and the expected amount of cash of the Group available for deposit during the term of the 2026 Financial Services Framework Agreement; and
- (iv) the expected amount of interest income from Yili Finance taking into account the interest income that could otherwise be obtained by placing a comparable amount of deposits with other major commercial banks in the PRC.

The Loan Services

The Loan Services under the 2026 Financial Services Framework Agreement involve the provision of financial assistance by Yili Finance to the Group. As the Loan Services to be provided under the 2026 Financial Services Framework Agreement are on normal commercial terms or better, and no security is expected to be granted by the Group over its assets in respect of the Loan Services, therefore the Loan Services are fully exempt from the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules. No annual caps are therefore set for the Loan Services.

The Settlement Services and the Other Financial Services

The Company expects that all of the applicable Percentage Ratios in respect of the service fees payable by the Group to Yili Finance, in aggregate, for the Settlement Services and the Other Financial Services under the 2026 Financial Services Framework Agreement, on an annual basis, are less than 0.1% and therefore fall below the de minimis threshold under Rule 14A.76 of the Listing Rules. Such services to be provided to the Group shall be on normal commercial terms or on terms that are no less favourable than those offered by other major commercial banks in the PRC. Accordingly, each of the Settlement Services and the Other Financial Services under the 2026 Financial Services Framework Agreement are fully exempt from the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the applicable reporting, annual review, announcement and the Independent Shareholders' approval requirements of the Listing Rules if the service fees for the Settlement Services and/or the Other Financial Services to be provided by Yili Finance to the Group under the 2026 Financial Services Framework Agreement may exceed the de minimis threshold under Rule 14A.76 of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Board is of the view that it is beneficial to utilize the financial services from Yili Finance under the 2026 Financial Services Framework Agreement due to the following reasons:

- (i) By entering into the 2026 Financial Services Framework Agreement with Yili Finance, the Group will be able to accelerate the turnover of funds and reduce transaction costs and expenses, thereby further enhancing the amount and efficiency of funds utilisation;
- (ii) The terms offered by or available from Yili Finance with respect to the 2026 Financial Services Framework Agreement are on normal commercial terms or better, which shall be no less favourable than the terms offered or available to the Group from other major commercial banks and/or financial institutions in the PRC for providing similar services;
- (iii) Yili Finance is regulated by the PBOC and the NFRA, and provides its services in accordance with the rules and operational requirements of these regulatory authorities;
- (iv) The Group is expected to benefit from Yili Finance's better understanding of the operation of the Group, which will facilitate more expedient and efficient services than those rendered by other commercial banks in the PRC; and

- (v) The financial services to be provided under the 2026 Financial Services Framework Agreement are diversified and can meet the business needs of the Group.

The Directors (other than the independent non-executive Directors who will form their view after considering the advice from the Independent Financial Adviser) are of the view that the 2026 Financial Services 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 being achieved between the Group and the Yili Industrial Group.

The Directors (other than the independent non-executive Directors who will form their view after considering the advice from the Independent Financial Adviser) are of the view that the 2026 Financial Services 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 2026 Financial Services Framework Agreement (including the annual caps) are fair and reasonable, and the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

The financial services (including the Deposit Services) to be provided by Yili Finance to the Group under the 2026 Financial Services Framework Agreement shall be on a non-exclusive basis. The Company will implement the following internal control measures to ensure that the transactions contemplated under the 2026 Financial Services Framework Agreement are on normal commercial terms or better and do not exceed the annual caps:

- (i) To ensure that the interest rates and other terms offered by Yili Finance under the 2026 Financial Services Framework Agreement will be fair and reasonable and on normal commercial terms or better, prior to placing cash deposits at or procuring other types of financial services from Yili Finance, the finance department of the Company will obtain quotations from major commercial banks who are independent third parties to determine the prevailing interest rate(s), service fee(s) and other terms being offered by those institutions for comparable deposits or other financial services of similar nature during the same period. Such reference interest rate(s) or service fee(s) will then be reviewed and approved by the management of the Company in accordance with its internal approval procedures prior to entering into each individual specific agreement for the deposit services or other types of financial services. The Company shall also take into account factors including, among other things, quality of services, safety of deposits, reputation of financial institutions and history of cooperation, before making decisions to place deposits with any banks or financial institutions. If the Company is aware that the terms (including deposit interest rate) offered by Yili Finance are less favourable than those offered by other major commercial banks, the Group will not maintain deposits with Yili Finance, or it will negotiate with Yili Finance to re-determine the relevant rates and terms;
- (ii) The Group has established a finance department, which operates without influence from Yili Industrial. The Group has adopted a financial management system to guide and monitor its financial activities. The Group also maintains accounts with external independent banks and does not share any bank accounts with Yili Industrial. Yili Industrial cannot control the use of any of the Group's bank accounts;

- (iii) During its annual audit, the Company will engage its auditors to review the connected transactions between the Group and Yili Finance to ensure that the transactions under the 2026 Financial Services Framework Agreement have been approved by the Board and conducted in accordance with the pricing policies, the terms of such agreement and the caps thereunder. The independent non-executive Directors will also provide annual confirmations in the annual reports of the Company in respect of the transactions contemplated under the 2026 Financial Services Framework Agreement to ensure that such transactions are entered into on normal commercial terms or better, fair and reasonable, and carried pursuant to its contractual terms in accordance with the relevant requirements under the Listing Rules; and
- (iv) The Company will monitor the continuing connected transactions in accordance with its internal control procedures, in particular the Company will monitor the Group's daily balances with Yili Finance in a timely manner. The Group's responsible financial person shall check the balances on a daily basis and promptly report to the Company's chief financial officer or chief compliance officer if such daily balances are close to exceeding, or likely to exceed the proposed caps.

The Company and Yili Finance will also adopt the following measures to monitor and mitigate the risks arising from the transactions under the 2026 Financial Services Framework Agreement:

- (i) During the term of the 2026 Financial Services Framework Agreement, the Company shall obtain and review Yili Finance's financial reports and risk indicators and other necessary information on a semi-annual basis and shall also designate a dedicated department and personnel to conduct ongoing dynamic assessment and supervision of the risk status of the funds deposited with Yili Finance. Yili Finance shall cooperate by providing the relevant financial reports, risk indicators and other necessary information.
- (ii) When Yili Finance provides lending services to the Company, Yili Finance shall strictly comply with procedures for credit rating, credit approval, credit use, and post-loan management. Yili Finance shall conduct a comprehensive analysis based on the Company's business operations, creditworthiness, financial needs, and other relevant factors, to determine the credit plan. Yili Finance shall also prudently assess the reasonableness of the Company's financing needs, repayment ability, collateral/guarantee arrangements, credit status, and other relevant aspects, and shall supervise the use of loan funds in accordance with the agreed purposes.
- (iii) Yili Finance shall conduct off-site inspections of the Company and/or Group member companies with outstanding loan balances on a quarterly basis, collect and analyze financial information, and inquire about and record any material events. In the event that the Company and/or any Group member company commit any violations of laws or regulations, or experience bankruptcy, production suspension, closure, dissolution, business rectification, revocation, or business license cancellation, or encounter operational difficulties or financial deterioration, Yili Finance shall promptly take effective risk prevention and mitigation measures such as early loan recovery and requiring additional collateral or guarantees.

2. THE 2026 MANUFACTURING SERVICE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 27 December 2024 in relation to, among other things, the entering into of the 2025 Manufacturing Service Framework Agreement between the Company and Yili Industrial for the provision of manufacturing services by the Yili Industrial Group to the Group.

Based on the Group's unaudited management accounts and operational data for the year ended 31 December 2025, it has come to the attention of the Board that the transaction amount under the 2025 Manufacturing Service Framework Agreement for the year ended 31 December 2025 was approximately RMB132.1 million (representing approximately 94.3% of the existing annual caps for the year ended 31 December 2025) and it is expected that the existing annual caps under the 2025 Manufacturing Service Framework Agreement for the years ending 31 December 2026 and 2027 will be exceeded.

Given the foregoing, on 31 March 2026, the Company entered into the 2026 Manufacturing Service Framework Agreement with Yili Industrial for a term commencing from the Effective Date up to and including 31 December 2028 in relation to the provision of manufacturing services by the Yili Industrial Group to the Group from time to time during the term of the 2026 Manufacturing Service Framework Agreement, replacing the 2025 Manufacturing Service Framework Agreement (in particular revising the annual caps thereunder).

PRINCIPAL TERMS OF THE 2026 MANUFACTURING SERVICE FRAMEWORK AGREEMENT

Principal terms of the 2026 Manufacturing Service Framework Agreement are summarised below.

Date	:	31 March 2026
Parties	:	(1) The Company as customer; and (2) Yili Industrial as service provider
Duration	:	The 2026 Manufacturing Service Framework Agreement shall become effective from the Effective Date up to and including 31 December 2028. The 2025 Manufacturing Service Framework Agreement shall be terminated and be replaced in its entirety by the 2026 Manufacturing Service Framework Agreement with effect from the Effective Date.
Nature of Transaction	:	The Yili Industrial Group shall manufacture certain brands of infant formula and related products for the Group pursuant to the terms set out in each manufacturing order.

Pricing Terms : The prices and charges for the provision of manufacturing services by the Yili Industrial Group under the 2026 Manufacturing Service Framework Agreement will be negotiated on an arm's length basis and determined in the ordinary course of business on normal commercial terms or better.

The fee shall be determined with reference to (i) the relevant cost such as raw material cost and production cost; and (ii) the market price of such products from time to time.

Payment Terms : Payment shall be made by the Group to the Yili Industrial Group in accordance with the terms in the Manufacturing Order and in any event within 60 natural days.

Existing annual caps and historical transaction amount

The existing annual caps and historical transaction amount under the 2025 Manufacturing Service Framework Agreement for each of the three years ended/ending 31 December 2025, 2026 and 2027 shall be respectively as follows:

	For the financial years ended/ending 31 December		
	2025	2026	2027
Existing annual caps (RMB million)	140	140	140
Historical transaction amount (RMB million)	132.1	N/A	N/A
Utilisation rate (%)	94.3	N/A	N/A

Proposed annual caps

The proposed revised annual caps for the transactions contemplated under the 2026 Manufacturing Service Framework Agreement for the three years ending 31 December 2026, 2027 and 2028 are as follows:

	For the year ending 31 December 2026	For the year ending 31 December 2027	For the year ending 31 December 2028
Revised annual caps (RMB million)	188	221	243

The proposed revised annual caps under the 2026 Manufacturing Service Framework Agreement were determined after taking into account the following key factors:

- (i) the historical transaction amount of approximately RMB132.1 million for the year ended 31 December 2025 (representing approximately 94.3% of the existing annual caps for the year ended 31 December 2025) that the Group paid to the Yili Industrial Group pursuant to the 2025 Manufacturing Service Framework Agreement;
- (ii) the expected demands of milk products to be manufactured under the 2026 Manufacturing Service Framework Agreement for the three years ending 31 December 2028 (including two existing branded milk products and a new product to be launched in 2027); and
- (iii) a buffer of 10% was applied to the aggregate estimated demands for each of the three years ending 31 December 2026, 2027 and 2028 to accommodate for unexpected production demands, currency fluctuations and potential fluctuations in the price of raw materials for production.

INTERNAL CONTROL

The Company has implemented internal control procedures and policies to monitor 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.

Before entering into any connected transactions, the procurement and operation department of the Group will compare quotations and/or prices for similar transactions with independent third parties for similar services or materials. If such quotation and/or price is not available, the procurement and operation department of the Group will compare prices and/or relevant costs of similar products within the Group as reference. Accordingly, the Company is able to ensure that the pricing terms under the 2026 Manufacturing Service 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 any of the 2026 Manufacturing Service Framework Agreement are about to be exceeded, the Company will revise the annual caps 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 2026 Manufacturing Service Framework Agreement. The Company's external auditors will also review the transactions as contemplated under the 2026 Manufacturing Service 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 2026 Manufacturing Service 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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2026 MANUFACTURING SERVICE FRAMEWORK AGREEMENT

The Group is one of the major infant formula players in the PRC, particularly in the goat milk sector which has secured certain volume of goat milk related resources over the years of developments 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. The Company believes that entering into the 2026 Manufacturing Service Framework Agreement will better leverage both parties' strength, particularly in the production capabilities as well as the resources that they have established in different countries over the years.

As the transaction amount under the 2025 Manufacturing Service Framework Agreement for the year ended 31 December 2025 was approximately RMB132.1 million (representing approximately 94.3% of the existing annual caps for the year ended 31 December 2025) and it is expected that the existing annual caps under the 2025 Manufacturing Service Framework Agreement for the years ending 31 December 2026 and 2027 will be exceeded, the Company entered into the 2026 Manufacturing Service Framework Agreement with the Yili Industrial to set the annual caps for the years ending 31 December 2028.

The Directors (other than the independent non-executive Directors who will form their view after considering the advice from the Independent Financial Adviser) are of the view that the 2026 Manufacturing Service 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 2026 Manufacturing Service Framework Agreement (including the revised annual caps) are fair and reasonable, and the 2026 Manufacturing Service Framework Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY, YILI INDUSTRIAL AND YILI FINANCE

The Group is principally engaged in the (i) dairy industry with activities ranging from research and development, raw 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.

Yili Finance is a company established under the laws of the PRC and is a non-bank financial institution approved by the NFRA. It is a wholly-owned subsidiary of Yili Industrial and principally engaged in the provision of financial services in the PRC.

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 and the entering into of the 2026 Financial Services Framework Agreement and the 2026 Manufacturing Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The 2026 Financial Services Framework Agreement

The Deposit Services

Based on the aggregate maximum daily balance of deposits (including the interests accrued thereon) to be placed by the Group with Yili Finance, as the highest of the applicable Percentage Ratios in respect of the Deposit Services under the 2026 Financial Services Framework Agreement is 25% or more but less than 100%. As such, the Deposit Services under the 2026 Financial Services Framework Agreement constitute (i) non-exempt continuing connected transaction subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) major transaction subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Loan Services

The Loan Services under the 2026 Financial Services Framework Agreement involve the provision of financial assistance by Yili Finance to the Group. As the Loan Services to be provided under the 2026 Financial Services Framework Agreement shall be on normal commercial terms or better (i.e. terms that are similar or more favourable than those offered by other major commercial banks in the PRC for the provision of comparable services) and no security will be granted by the Group over its assets in respect of such loan services, the Loan Services are fully exempt from the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Settlement Services and the Other Financial Services

As all the applicable Percentage Ratios in respect of the service fees payable by the Group to Yili Finance, in aggregate, for the Settlement Services and the Other Financial Services under the 2026 Financial Services Framework Agreement on an annual basis are expected to be less than 0.1% and therefore fall below the de minimis threshold under Rule 14A.76 of the Listing Rules and the terms of such services shall be on normal commercial terms or better, the Settlement Services and the Other Financial Services are fully exempt from the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The 2026 Manufacturing Service Framework Agreement

As the highest applicable Percentage Ratio in respect of the annual caps under the 2026 Manufacturing Service Framework Agreement exceeds 5%, the transactions contemplated under the 2026 Manufacturing Service Framework Agreement are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Ma Ji, Mr. Chen Fuquan and Mr. Aidan Maurice Coleman) has been established to advise the Independent Shareholders in connection with the Deposit Services contemplated under the 2026 Financial Services Framework Agreement and transactions contemplated under the 2026 Manufacturing Service Framework Agreement (including the proposed annual caps).

Frontpage Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Deposit Services contemplated under the 2026 Financial Services Framework Agreement and transactions contemplated under the 2026 Manufacturing Service Framework Agreement (including the proposed annual caps).

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Deposit Services contemplated under the 2026 Financial Services Framework Agreement and transactions contemplated under the 2026 Manufacturing Service Framework Agreement (including the proposed annual caps).

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the 2026 Financial Services Framework Agreement and the 2026 Manufacturing Service Framework Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Deposit Services contemplated under the 2026 Financial Services Framework Agreement and transactions contemplated under the 2026 Manufacturing Service Framework Agreement (including the proposed annual caps); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of EGM, will be despatched to the Shareholders in compliance with the Listing Rules.

Pursuant to Rule 14A.68(11) of the Listing Rules, a circular is required to be despatched to the Shareholders within 15 business days after the publication of this announcement, being on or before 24 April 2026. If it is expected that there will be a delay to the despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason(s) for the delay and the new expected date of despatch of the circular.

DEFINITIONS

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

“2023 Financial Services Framework Agreement”	the financial services framework agreement dated 29 August 2023 entered into between the Group and Yili Finance in relation to which Yili Finance agreed to provide a range of financial services to the Group, namely the Deposit Services, the Loan Services, the Settlement Services and the Other Financial Services
“2025 Manufacturing Service Framework Agreement”	the manufacturing service framework agreement dated 27 December 2024 entered into between the Company and Yili Industrial in relation to the provision of manufacturing services by the Yili Industrial Group to the Group
“2026 Financial Services Framework Agreement”	the financial services framework agreement dated 31 March 2026 entered into between the Company and Yili Finance in relation to the provision of a range of financial services by Yili Finance to the Group
“2026 Manufacturing Service Framework Agreement”	the manufacturing service framework agreement dated 31 March 2026 entered into between the Company and Yili Industrial in relation to the provision of manufacturing services by the Yili Industrial Group to the Group in replacement of the 2025 Manufacturing Service Framework Agreement
“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
“Deposit Services”	the deposit services provided by Yili Finance to the Group under which Yili Finance shall accept deposits from the Group of up to a maximum amount of daily balance of deposits (including the interest accrued thereon) pursuant to the 2026 Financial Services Framework Agreement
“Directors”	the directors of the Company
“EGM”	extraordinary general meeting of the Company
“Effective Date”	the date on which the Independent Shareholders approve the Deposit Services contemplated under the 2026 Financial Services Framework Agreement and the transactions contemplated under the 2026 Manufacturing Service Framework Agreement
“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
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders on the transactions contemplated under the 2026 Financial Services Framework Agreement and the 2026 Manufacturing Service Framework Agreement
“Independent Financial Adviser”	Frontpage Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Deposit Services contemplated under the 2026 Financial Services Framework Agreement and the transactions contemplated under the 2026 Manufacturing Service Framework Agreement
“Independent Shareholders”	the Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Services”	including loans, commercial acceptance bills, commercial discounted bills, entrusted loans, and other loan services, with the financing amount not exceeding the maximum regulatory requirement limit, provided by Yili Finance to the Group under the 2026 Financial Services Framework Agreement
“Manufacturing Order(s)”	purchase order(s) to be placed by the Group with Yili Industrial from time to time for the internal formula registration allocation and manufacturing services of certain infant formula and related products in accordance with the 2026 Manufacturing Service Framework Agreement
“NFRA”	National Financial Regulatory Administration* (國家金融監督管理總局)
“Other Financial Services”	including financial consulting services, credit certification, consulting and agency services, and other services approved by the NFRA provided by Yili Finance to the Group under the 2026 Financial Services Framework Agreement
“PBOC”	People’s Bank of China (中國人民銀行)
“Percentage Ratio(s)”	has the meaning ascribed to it under the Listing Rules
“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
“RMB”	means Renminbi, the lawful currency of the PRC

“Settlement Services”	including fund settlement and payment collection and other settlement services approved by the NFRA provided by Yili Finance to the Group under the 2026 Financial Services Framework Agreement
“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 Finance”	Yili Finance Company Limited* (伊利財務有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of Yili Industrial
“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 2026 Manufacturing Service Framework Agreement, excluding the Group)

* For identification purpose only

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

PRC, 31 March 2026

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.