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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE (1) LOGISTICS SERVICE FRAMEWORK AGREEMENT; (2) CONTRACT MANUFACTURING FRAMEWORK AGREEMENT; AND (3) 2026 PROBIOTICS SUPPLY FRAMEWORK AGREEMENT

THE LOGISTICS SERVICE FRAMEWORK AGREEMENT

On 27 April 2026, the Company entered into the Logistics Service Framework Agreement with Yishun, pursuant to which the Yishun Group agreed to provide logistics and operation support services to the Group during the term of the Logistics Service Framework Agreement.

THE CONTRACT MANUFACTURING FRAMEWORK AGREEMENT

On 27 April 2026, the Company entered into the Contract Manufacturing Framework Agreement with Yili Industrial, pursuant to which the Group shall provide manufacturing services to the Yili Industrial Group in respect of the production of milk powder (other than infant formulas) and related products on behalf of the Yili Industrial Group.

THE 2026 PROBIOTICS SUPPLY FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 31 October 2025 and 4 November 2025 in relation to the 2025 Probiotics Supply Framework Agreement entered into between the Company and Yili Industrial, 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 2025 Probiotics Supply Framework Agreement.

Based on the audited financial results of the Company for the year ended 31 December 2025, the transaction amount under the 2025 Probiotics Supply Framework Agreement for the year ended 31 December 2025 was approximately RMB9.26 million (representing approximately 92.6% of the existing annual caps for the year ended 31 December 2025) and it is expected that the existing annual caps for the years ending 31 December 2026 and 2027 will be exceeded.

Given the foregoing, on 27 April 2026, the Company and Yili Industrial entered into the 2026 Probiotics Supply Framework Agreement for a term commencing from the date of the 2026 Probiotics Supply Framework Agreement up to and including 31 December 2028, replacing the 2025 Probiotics Supply Framework Agreement (in particular revising the annual caps thereunder).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Yili Industrial is the controlling Shareholder of the Company holding 1,070,113,149 Shares, representing approximately 60.18% of the issued Shares and Yishun is a wholly-owned subsidiary of Yili Industrial. Accordingly, each of Yili Industrial and Yishun is a connected person of the Company under the Listing Rules.

As such, the entering into of the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable Percentage Ratio in respect of the annual caps under each of the Logistics Service Framework Agreement, the Contract Manufacturing Framework Agreement and the 2026 Probiotics Supply Framework Agreement exceeds 0.1% but less than 5%, the Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(1) THE LOGISTICS SERVICE FRAMEWORK AGREEMENT

On 27 April 2026, the Company entered into the Logistics Service Framework Agreement with Yishun, pursuant to which the Yishun Group agreed to provide logistics and operation support services to the Group during the terms of the Logistics Service Framework Agreement.

Principal terms of the Logistics Service Framework Agreement are summarised below:

Date:	27 April 2026
Parties:	(i) The Company (ii) Yishun
Duration:	From the date of the Logistics Service Framework Agreement to 31 December 2028 (both days inclusive).
Nature of Transaction:	The Yishun Group shall provide the Group with logistics services, including road freight transportation, loading, unloading and handling, general cargo warehousing, and supply chain management services.
Pricing Terms:	The terms of each individual transaction shall be negotiated by the relevant member companies of the Group and the relevant member companies of the Yishun Group on an arm's length basis (or on terms no less favourable to the Group than those offered by the Group to independent third parties or offered by independent third parties to the Group) in the ordinary course of business.

The fees payable to the Yishun Group in respect of such transactions shall be determined with reference to (i) the Yishun Group's service capabilities; (ii) its costs; and (iii) the prevailing market prices.

The specific pricing and other terms of each individual transaction shall comply with the terms of the Logistics Service Framework Agreement and shall be set out in the final agreements.

Payment Terms: Payment shall be made by the relevant member companies of the Group to Yishun in accordance with the terms set out in the final agreements and in any event within 60 natural days.

Annual Caps

The annual caps in respect of the transactions contemplated under the Logistics Service Framework Agreement for each of the financial years ending 31 December 2026, 31 December 2027 and 31 December 2028 are RMB9.5 million, RMB10.45 million and RMB11.5 million, respectively.

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

- (i) the pricing terms; and
- (ii) the Group's future demand for logistics, loading and unloading, and warehousing services.

(2) THE CONTRACT MANUFACTURING FRAMEWORK AGREEMENT

On 27 April 2026, the Company entered into the Contract Manufacturing Framework Agreement with Yili Industrial, pursuant to which the Group shall provide manufacturing services to the Yili Industrial Group in respect of the production of milk powder (other than infant formulas) and related products on behalf of the Yili Industrial Group.

Principal terms of the Contract Manufacturing Framework Agreement are summarised below.

Date	:	27 April 2026
Parties	:	The Company Yili Industrial Group
Duration	:	From the date of the Contract Manufacturing Framework Agreement to 31 December 2028
Nature of Transaction	:	The Group shall provide manufacturing services to the Yili Industrial Group in respect of the production of milk powder (other than infant formulas) and related products on behalf of the Yili Industrial Group.

- Pricing Terms : The manufacturing fee for the provision of manufacturing services by the Group under the Contract Manufacturing Framework Agreement will be negotiated on an arm's length basis and determined in the ordinary course of business on normal commercial terms. The fee shall be determined with reference to the Group's production capacity, costs and market prices, and may be adjusted based on amicable negotiations between the Group and the Yili Industrial Group.
- 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 60 natural days.

Annual Cap

The annual cap in respect of the transactions contemplated under the Contract Manufacturing Framework Agreement for each of the financial years ending 31 December 2026, 31 December 2027 and 31 December 2028 is RMB75 million, RMB90 million and RMB108 million, respectively.

The aforementioned revised annual caps were determined after taking into account the followings:

- (i) the pricing terms; and
- (ii) the anticipated demand of various member companies of the Yili Industrial Group for the manufacturing services to be provided by the Group in respect of milk powder (excluding infant formula) and related products.

(3) THE 2026 PROBIOTICS SUPPLY FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 31 October 2025 and 4 November 2025 in relation to the 2025 Probiotics Supply Framework Agreement entered into between the Company and Yili Industrial, 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 2025 Probiotics Supply Framework Agreement.

Based on the audited financial results of the Company for the year ended 31 December 2025, the transaction amount under the 2025 Probiotics Supply Framework Agreement for the year ended 31 December 2025 was approximately RMB9.26 million (representing approximately 92.6% of the existing annual caps for the year ended 31 December 2025) and it is expected that the existing annual caps for the years ending 31 December 2026 and 2027 will be exceeded.

Given the foregoing, on 27 April 2026, the Company and Yili Industrial entered into the 2026 Probiotics Supply Framework Agreement for a term commencing from the date of the 2026 Probiotics Supply Framework Agreement up to and including 31 December 2028, replacing the 2025 Probiotics Supply Framework Agreement (in particular revising the annual caps thereunder).

Principal terms of the 2026 Probiotics Supply Framework Agreement are summarised below.

Date : 27 April 2026

Parties : The Company as seller
Yili Industrial as purchaser

Duration : The 2026 Probiotics Supply Framework Agreement shall become effective from the date of the 2026 Probiotics Supply Framework Agreement up to and including 31 December 2028.

The 2025 Probiotics Supply Framework Agreement shall be terminated and be replaced in its entirety by the 2026 Probiotics Supply Framework Agreement with effect from the date of the 2026 Probiotics Supply Framework Agreement.

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) the relevant member companies of the Group and the relevant member companies of the Yili Industrial Group shall negotiate the terms of each such transaction based on their respective independent interests (or on terms that are no less favourable to the Group than those the Group grants to independent third parties or that independent third parties grant to the Group); or
- (iv) if, for a specific type of product or service, where there is no tendering/bidding procedure and no comparable industry market price available, or if the application of the above pricing policy is not practicable, then the Yili Industrial Group shall obtain and compare quotations for similar products from at least two independent third-party suppliers. After taking into account the Group's costs, technology, quality, purchase volume, and historical transaction prices for similar products, the Yili Industrial Group shall compare those quotations with the terms offered by the Group. The contracting parties shall ensure that the terms are no less favourable than those provided by the independent third-party suppliers.

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.

Existing annual caps and historical transaction amount

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

	For the year ended/ending 31 December		
	2025	2026	2027
Existing annual caps (<i>RMB million</i>)	10	40	65
Historical transaction amount (<i>RMB million</i>)	9.26	N/A	N/A
Utilisation rate (%)	92.6	N/A	N/A

Proposed annual caps

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

	For the year ending 31 December		
	2026	2027	2028
Revised annual caps (<i>RMB million</i>)	80	120	140

The aforementioned revised annual caps were determined after taking into account the followings:

- (i) the historical transaction amounts for the year ended 31 December 2025 were approximately RMB9.26 million (representing approximately 92.6% of the existing annual caps for the year ended 31 December 2025);
- (ii) the expected increase in demand for the Probiotics and Related Products from various member companies of the Yili Industrial Group. In particular, based on the unaudited historical transaction amount of approximately RMB18.2 million for the three months ended 31 March 2026 (representing approximately 45.5% of the existing annual caps for the year ending 31 December 2026), the projected annualised transaction amount of the Probiotics and Related Products for the year ending 31 December 2026 will be approximately RMB72.8 million (representing over 90% of the revised annual cap for the year ending 31 December 2026);
- (iii) the estimated growth of the Probiotics and Related Products market for the years ending 31 December 2027 and 2028 having considered the anticipated demand based on latest sales projection; and
- (iv) the Company's expected production capacities of the Probiotics and Related Products for the three years ending 31 December 2026, 2027 and 2028.

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.

The Group has closely observed the market conditions and monitored the prevailing market prices or market rates, including the pricings of transactions between the Group and independent third parties in respect of similar services. 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 services. Accordingly, the Company is able to ensure that the pricing terms under the Agreements are on normal commercial terms and no less favourable than those available to and 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 Agreements 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 each of the Agreements. The Company's external auditors will also review the transactions contemplated under each of the Agreements 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 each of the Agreements 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, YILI INDUSTRIAL AND YISHUN

The Group is principally engaged in (i) the 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 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 engaging 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, yogurt, frozen beverages, cheese, milk fat and packaged drinking water.

Yishun is a company incorporated in the PRC and is a wholly-owned subsidiary of Yili Industrial. Yishun is principally engaged in road freight transportation, loading, unloading and handling, general cargo warehousing, and supply chain management services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

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 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. The Company believes that the entering into of the Logistics Service Framework Agreement and the Contract Manufacturing Framework Agreement will better leverage on both parties' strength, enabling the Group to achieve greater synergies between the Group and the Yili Industrial Group.

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. Accordingly, the Company entered into the 2025 Probiotics Supply Framework Agreement with Yili Industrial to 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. It is envisaged that the demand from the Yili Industrial Group for the Probiotics and Related Products from the Group will increase in the coming years and it is expected that the existing annual caps under the 2025 Probiotics Supply Framework Agreement will be exceeded. As such, the Company entered into the 2026 Probiotics Supply Framework Agreement with Yili Industrial to revise the annual caps to cater for the increase in demand.

The Directors (including the independent non-executive Directors) are of the view that the Agreements and the transactions contemplated thereunder provide greater flexibility and efficiency to the business transactions among the Group and the Yili Industrial Group (including Yishun), and would enable greater synergies being achieved among the Group, the Yili Industrial Group and Yishun.

The Directors (including the independent non-executive Directors) are of the view that the Agreements 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 Agreements (including the annual caps) are fair and reasonable, and the entering into of the Agreements 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 the controlling Shareholder of the Company holding 1,070,113,149 Shares, representing approximately 60.18% of the issued Shares and Yishun is a wholly-owned subsidiary of Yili Industrial. Accordingly, each of Yili Industrial and Yishun is a connected person of the Company under the Listing Rules.

As such, the entering into of the Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable Percentage Ratio in respect of the annual caps under each of the Logistics Service Framework Agreement, the Contract Manufacturing Framework Agreement and the 2026 Probiotics Supply Framework Agreement exceeds 0.1% but is less than 5%, the Agreements are 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:

“2025 Probiotics Supply Framework Agreement”	the framework agreement dated 31 October 2025 entered into between the Company and Yili Industrial in relation to the purchase of Probiotics and Related Products by the Yili Industrial Group
“2026 Probiotics Supply Framework Agreement”	the framework agreement dated 27 April 2026 entered into between the Company and Yili Industrial in relation to the purchase of Probiotics and Related Products by the Yili Industrial Group
“Agreements”	collectively, the Logistics Service Framework Agreement, the Contract Manufacturing Framework Agreement and the 2026 Probiotics Supply Framework Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“Contract Manufacturing Framework Agreement”	the framework agreement dated 27 April 2026 entered into between the Company and Yili Industrial in relation to manufacturing services to be provided by the Group in respect of the production of milk powder (other than infant formulas) and related products on behalf of the Yili Industrial Group
“controlling shareholder(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
“Logistics Service Framework Agreement”	the framework agreement dated 27 April 2026 entered into between the Company and Yishun in relation to the provision of logistics and operation support services by the Yishun Group to the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“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
“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), and the controlling shareholder of the Company
“Yili Industrial Group”	Yili Industrial and its subsidiaries (for the purpose of the Agreements, excluding the Group)
“Yishun”	Inner Mongolia Yishun Supply-chain Management Co., Ltd.* (內蒙古伊順供應鏈管理有限公司), a company established under the laws of the PRC
“Yishun Group”	Yishun, its subsidiaries and associates

* For identification purpose only

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

The PRC, 27 April 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.