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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)

## ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024; AND RESUMPTION OF TRADING

### FINANCIAL HIGHLIGHTS

	2024	2023	Change
	<i>RMB'M</i>	<i>RMB'M</i>	%
Revenue	7,402.4	7,382.0	0.3
Gross profit	3,107.9	2,852.6	8.9
Gross profit margin (%)	42.0	38.6	3.4 pps
EBITDA	607.8	474.5	28.1
Profit attributable to equity holders of the Company	236.0	174.4	35.3
Final dividend per share (HK\$)	0.06	0.05	20.0

For the year ended 31 December 2024 (the “**Year 2024**”), Ausnutria Dairy Corporation Ltd (“**Ausnutria**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”) recorded the followings:

- Revenue increased by RMB20.4 million or 0.3%.
- Gross profit increased by RMB255.3 million or 8.9%.
- EBITDA increased by RMB133.3 million or 28.1%.
- Profit attributable to equity holders of the Company increased by RMB61.6 million or 35.3%.

In addition, the board (the “**Board**”) of directors (the “**Directors**”) of the Company has recommended the payment of a final dividend of HK\$0.06 (2023: HK\$0.05) per share of the Company (the “**Share**”) for the Year 2024.

The Board hereby announces the audited consolidated financial results of the Group for the Year 2024 together with the comparative figures for the year ended 31 December 2023 (the “Year 2023”) as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>Revenue</b>	4	<b>7,402,439</b>	7,382,007
Cost of sales	5	<u>(4,294,534)</u>	<u>(4,529,457)</u>
Gross profit		<b>3,107,905</b>	2,852,550
Selling and distribution expenses	5	<b>(2,077,247)</b>	(1,907,975)
Administrative expenses	5	<b>(550,048)</b>	(535,412)
Research and development expenses	5	<b>(125,451)</b>	(132,025)
Net impairment losses on financial assets		<b>(26,008)</b>	(8,543)
Other income, other gains/(losses) – net	6	<u>52,558</u>	<u>13,080</u>
Operating profit		<b>381,709</b>	281,675
Finance costs		<b>(51,642)</b>	(57,727)
Share of profits and losses of investments accounted for using the equity method		<u>(17,552)</u>	<u>(22,147)</u>
Profit before income tax		<b>312,515</b>	201,801
Income tax expense	7	<u>(65,322)</u>	<u>(32,945)</u>
<b>Profit for the year</b>		<b><u>247,193</u></b>	<b><u>168,856</u></b>
Attributable to:			
The equity holders of the Company		<b>235,975</b>	174,387
Non-controlling interests		<u>11,218</u>	<u>(5,531)</u>
		<b><u>247,193</u></b>	<b><u>168,856</u></b>
<b>Earnings per share attributable to the equity holders of the Company</b>	9		
Basic earnings per share ( <i>RMB cents</i> )		<b><u>13.26</u></b>	<b><u>9.70</u></b>
Diluted earnings per share ( <i>RMB cents</i> )		<b><u>13.26</u></b>	<b><u>9.70</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Profit for the year</b>	<b>247,193</b>	168,856
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(180,347)	66,277
<i>Item that will not be reclassified to profit or loss</i>		
Remeasurement income on the defined benefit plan, net of tax	740	92
Exchange differences on translation of the Company's financials	64,919	49,523
<b>Total other comprehensive (loss)/income for the year</b>	<b>(114,688)</b>	115,892
<b>Total comprehensive income for the year</b>	<b>132,505</b>	284,748
Attributable to:		
The equity holders of the Company	124,762	283,233
Non-controlling interests	7,743	1,515
	<b>132,505</b>	284,748

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		As at 31 December	
		2024	2023
	Notes	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,265,689	3,139,682
Investment property		132,365	132,612
Right-of-use assets		184,349	140,563
Goodwill		368,058	192,225
Other intangible assets		501,089	508,366
Investments accounted for using the equity method		126,584	318,793
Financial assets at fair value through profit or loss		28,385	28,145
Prepayments, deposits and other assets		68,654	85,518
Long-term time deposits, with original maturity over one year		224,050	40,871
Deferred tax assets		364,982	366,119
		<u>5,264,205</u>	<u>4,952,894</u>
Total non-current assets			
<b>Current assets</b>			
Inventories		1,930,251	2,089,409
Trade and bills receivables	10	689,578	590,861
Prepayments, other receivables and other assets		263,377	256,088
Income tax recoverable		55,535	101,192
Time deposits		206,221	–
Restricted cash		9,302	5,712
Cash and cash equivalents		1,214,703	2,037,602
		<u>4,368,967</u>	<u>5,080,864</u>
Current assets excluding assets classified as held for sale			
Assets classified as held for sale		28,974	–
		<u>4,397,941</u>	<u>5,080,864</u>
Total current assets			
<b>Total assets</b>		<u><u>9,662,146</u></u>	<u><u>10,033,758</u></u>

		<b>As at 31 December</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>90,177</b>	21,025
Defined benefit plan		<b>948</b>	1,823
Deferred revenue		<b>78,854</b>	81,020
Deferred tax liabilities		<b>71,674</b>	81,339
Other liabilities		<b>10,819</b>	9,096
		<hr/>	<hr/>
Total non-current liabilities		<b>252,472</b>	194,303
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and bills payables	<i>11</i>	<b>533,945</b>	516,960
Other payables and accruals		<b>661,261</b>	716,229
Contract liabilities		<b>233,961</b>	451,316
Bank borrowings		<b>2,137,716</b>	2,377,952
Lease liabilities		<b>24,503</b>	16,623
Income tax payable		<b>34,809</b>	11,179
		<hr/>	<hr/>
Total current liabilities		<b>3,626,195</b>	4,090,259
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>3,878,667</b>	4,284,562
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to the equity holders of the Company</b>			
Share capital	<i>12</i>	<b>154,173</b>	154,226
Reserves		<b>5,567,428</b>	5,539,242
		<hr/>	<hr/>
		<b>5,721,601</b>	5,693,468
Non-controlling interests		<b>61,878</b>	55,728
		<hr/>	<hr/>
<b>Total equity</b>		<b>5,783,479</b>	5,749,196
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>9,662,146</b>	10,033,758
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## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Net cash flows generated from operating activities</b>		<u>299,374</u>	<u>224,711</u>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(347,268)	(609,974)
Additions to other intangible assets		(38,426)	(74,052)
Payments for acquisition of investments accounted for using the equity method		–	(175,506)
Purchases of financial assets at fair value through profit and loss		(28,175)	–
Proceeds from disposal of financial assets at fair value through profit and loss		28,177	1,000
Increase in time deposits with maturity more than 3 months		(381,111)	(40,871)
Proceeds from disposal of a subsidiary – net		–	111,021
Proceeds from disposal of property, plant and equipment		30,727	13,652
Proceeds from disposal of other intangible assets		2,277	–
Acquisition of subsidiaries – net		(165,366)	21,190
Dividends received		–	12,623
		<u>(899,165)</u>	<u>(740,917)</u>
<b>Net cash flows used in investing activities</b>			
<b>Cash flows from financing activities</b>			
New bank borrowings		926,799	2,450,105
Repayments of bank borrowings		(1,072,912)	(1,624,201)
Payment of lease liabilities (principal)		(25,956)	(82,012)
Acquisition of non-controlling interests		(28,562)	(77,396)
Contributions from non-controlling shareholders		13,532	–
Repurchase of shares		(980)	–
Dividends paid to the equity holders of the Company		(80,637)	(98,460)
Dividends paid to non-controlling shareholders		(1,282)	(5,119)
(Increase)/Decrease in restricted cash		(3,590)	119,536
		<u>(273,588)</u>	<u>682,453</u>
<b>Net cash flows generated from financing activities</b>			
<b>Net (decrease)/increase in cash and cash equivalents</b>		(873,379)	166,247
Cash and cash equivalents at beginning of year		2,037,602	1,861,860
Effect of foreign exchange rate changes, net		50,480	9,495
		<u>1,214,703</u>	<u>2,037,602</u>
<b>Cash and cash equivalents at end of year</b>			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1 CORPORATE INFORMATION

Ausnutria Dairy Corporation Ltd (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 8 June 2009. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal offices of the Group are located at (i) Unit 16, 36/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong; (ii) Block A, Building 1, Ausnutria Building, Suncity, Purui East Road, Yueliangdao Street, Wangcheng District, Changsha City, Hunan Province, the People’s Republic of China (the “**PRC**”); (iii) Dokter van Deenweg 150, 8025 BM Zwolle, the Netherlands; and (iv) 25-27 Keysborough Avenue, Keysborough VIC 3173, Australia.

The shares of the Company (the “**Shares**”) have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 8 October 2009. The Company and its subsidiaries are hereinafter collectively referred to as the “**Group**”.

The Company acts as an investment holding company of the Group. During the year, the Group is principally engaged in research and development (“**R&D**”), production, marketing and distribution of dairy and related products and nutrition products to its worldwide customers, particularly in the PRC.

In the opinion of the directors, the parent and the ultimate holding company of the Company is Hongkong Jingang Trade Holding Co., Limited (“**Jingang Trade**”) and Inner Mongolia Yili Industrial Group Co., Ltd. (“**Yili Industrial**”), respectively.

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

### 2.1 Basis of preparation

#### (a) *Compliance with IFRS and HKCO*

These consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) issued by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) (“**HKCO**”).

#### (b) *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities are measured at fair value; and
- defined benefit pension plans – plan assets are measured at fair value.

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

## 2.2 Changes in accounting policies

### (a) *New and amended standards adopted by the Group*

The following amendments to accounting standards have been adopted by the Group for the first time to the financial reporting period beginning on 1 January 2024:

		<b>Effective for accounting periods beginning on or after</b>
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2024
IAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
IAS 7 and IFRS 7 (Amendments)	Supplier finance arrangements	1 January 2024
IFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### (b) *New and amended standards not yet adopted by the Group*

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for the reporting period beginning on 1 January 2024 and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions:

		<b>Effective for accounting periods beginning on or after</b>
IAS 21 (Amendments)	Lack of exchangeability	1 January 2025
IFRS 9 and IFRS 7 (Amendments)	Amendments to the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027

## 3 OPERATING SEGMENT INFORMATION

The Company's board of directors examines the Group's performance both from a product and geographic perspective and has identified two reportable segments of its business:

**Dairy and related products segment:** comprises the manufacturing and sale of dairy and related products, particularly on formula milk powder products, to its worldwide customers; and

**Nutrition products segment:** comprises the manufacturing and sale of nutrition products (mainly including probiotic related products and gut relief products) to its customers principally in Mainland China and Australia.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the reportable segment profit which is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs as well as unallocated head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, restricted cash, time deposits and long-term time deposits as these assets are managed on a group basis.

Segment liabilities exclude bank borrowings as these liabilities are managed on a group basis.

(a) **Segment results and assets and liabilities**

	<b>Dairy and related products RMB'000</b>	<b>Nutrition products RMB'000</b>	<b>Total RMB'000</b>
<b>Year ended 31 December 2024</b>			
<b>Segment revenue</b>			
Sales to external customers (Note 4)	7,097,880	304,559	7,402,439
Rental income (Note 6)	9,835	–	9,835
	<u>357,324</u>	<u>(5,603)</u>	<u>351,721</u>
<b>Segment results</b>	<u>357,324</u>	<u>(5,603)</u>	<u>351,721</u>
Reconciliation:			
Segment results	357,324	(5,603)	351,721
Interest income (Note 6)			37,440
Unallocated finance costs (other than interest on lease liabilities)			(49,877)
Corporate and other unallocated expenses			<u>(26,769)</u>
Profit before tax			<u>312,515</u>
<b>Other segment information</b>			
Cost of goods sold	4,119,973	174,561	4,294,534
Selling and distribution expenses	1,963,650	113,597	2,077,247
Impairment losses recognised in profit or loss	130,770	6,139	136,909
Share of profits and losses of investments accounted for using the equity method	(17,574)	22	(17,552)
Depreciation and amortisation	245,084	36,020	281,104
Capital expenditure*	<u>367,084</u>	<u>5,728</u>	<u>372,812</u>
<b>As at 31 December 2024</b>			
Segment assets	7,963,411	431,095	8,394,506
Reconciliation:			
Elimination of intersegment receivables			(386,636)
Corporate and other unallocated assets			<u>1,654,276</u>
Total assets			<u>9,662,146</u>
Segment liabilities	1,750,856	376,731	2,127,587
Reconciliation:			
Elimination of intersegment payables			(386,636)
Corporate and other unallocated liabilities			<u>2,137,716</u>
Total liabilities			<u>3,878,667</u>

	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
<b>Year ended 31 December 2023</b>			
<b>Segment revenue</b>			
Sales to external customers (Note 4)	7,097,545	284,462	7,382,007
Rental income (Note 6)	4,475	–	4,475
	<u>293,583</u>	<u>(36,479)</u>	<u>261,104</u>
<b>Segment results</b>			
Reconciliation:			
Segment results	293,583	(36,479)	261,104
Interest income (Note 6)			35,706
Unallocated finance costs (other than interest on lease liabilities)			(55,066)
Corporate and other unallocated expenses			(39,943)
Profit before tax			<u>201,801</u>
<b>Other segment information</b>			
Cost of goods sold	4,371,952	157,505	4,529,457
Selling and distribution expenses	1,812,475	95,500	1,907,975
Impairment losses recognised in profit or loss	303,477	3,570	307,047
Share of profits and losses of investments accounted for using the equity method	(22,171)	24	(22,147)
Depreciation and amortisation	232,896	17,773	250,669
Capital expenditure*	554,185	110,414	664,599
	<u>554,185</u>	<u>110,414</u>	<u>664,599</u>
<b>As at 31 December 2023</b>			
Segment assets	7,939,880	470,334	8,410,214
Reconciliation:			
Elimination of intersegment receivables			(460,641)
Corporate and other unallocated assets			2,084,185
Total assets			<u>10,033,758</u>
Segment liabilities	1,857,739	509,512	2,367,251
Reconciliation:			
Elimination of intersegment payables			(460,641)
Corporate and other unallocated liabilities			2,377,952
Total liabilities			<u>4,284,562</u>

\* Capital expenditure consist of additions to property, plant and equipment and other intangible assets.

(b) **Other segment disclosures**

(i) The non-current asset information based on the locations of the assets and excluding deferred tax assets is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
The PRC	1,373,689	1,255,851
The Netherlands	3,342,161	3,088,252
Australia and New Zealand	183,373	242,672
	<u>4,899,223</u>	<u>4,586,775</u>

(ii) **Information about major customers**

During the years ended 31 December 2024 and 2023, there was no revenue from a single external customer accounting for 10% or more of the Group's total revenue (2023: Nil).

**4 REVENUE FROM CONTRACTS WITH CUSTOMERS**

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers	<u>7,402,439</u>	<u>7,382,007</u>

**Disaggregated revenue information**

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Year ended 31 December 2024		
	Dairy and related products <i>RMB'000</i>	Nutrition products <i>RMB'000</i>	Total <i>RMB'000</i>
Type of goods or services			
Sale of goods	7,092,510	304,559	7,397,069
Rendering services	5,370	–	5,370
	<u>7,097,880</u>	<u>304,559</u>	<u>7,402,439</u>
Total revenue from contracts with customers			
Geographical markets			
The PRC	5,364,450	296,696	5,661,146
Europe	979,538	–	979,538
Middle East	330,492	–	330,492
North and South America	265,532	–	265,532
Southeast Asia	72,130	–	72,130
Australia	21,695	7,863	29,558
Others	64,043	–	64,043
	<u>7,097,880</u>	<u>304,559</u>	<u>7,402,439</u>
Total revenue from contracts with customers			
Timing of revenue recognition			
At a point in time	7,092,510	304,559	7,397,069
Over time	5,370	–	5,370
	<u>7,097,880</u>	<u>304,559</u>	<u>7,402,439</u>
Total revenue from contracts with customers			

	Year ended 31 December 2023		
	Dairy and related products <i>RMB'000</i>	Nutrition products <i>RMB'000</i>	Total <i>RMB'000</i>
Type of goods or services			
Sale of goods	7,093,462	284,462	7,377,924
Rendering services	4,083	–	4,083
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>7,097,545</u>	<u>284,462</u>	<u>7,382,007</u>
Geographical markets			
The PRC	5,611,092	276,697	5,887,789
Europe	831,903	–	831,903
Middle East	291,660	–	291,660
North and South America	179,217	–	179,217
Southeast Asia	121,739	–	121,739
Australia	24,312	7,765	32,077
Others	37,622	–	37,622
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>7,097,545</u>	<u>284,462</u>	<u>7,382,007</u>
Timing of revenue recognition			
At a point in time	7,093,462	284,462	7,377,924
Over time	4,083	–	4,083
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>7,097,545</u>	<u>284,462</u>	<u>7,382,007</u>

## 5 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, administrative expenses and research and development expenses were analysed as follows:

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Raw materials, packaging materials, consumables and purchased commodity used		<b>3,005,379</b>	3,726,729
Changes in inventories of finished goods		<b>276,862</b>	(313,745)
Employee benefit expenses, including directors' emoluments	<i>(a)</i>	<b>1,358,098</b>	1,323,809
Promotion and advertising expenses		<b>1,215,949</b>	1,077,724
Depreciation of property, plant and equipment		<b>166,285</b>	157,179
Depreciation of investment property		<b>4,900</b>	4,311
Depreciation of right-of-use assets		<b>19,570</b>	23,219
Amortisation of other intangible assets		<b>90,349</b>	65,960
Transportation expenses		<b>137,824</b>	135,054
Office expenses		<b>115,733</b>	114,558
Impairment of property, plant and equipment		<b>89</b>	25,099
Write-downs of inventories to net realisable value		<b>110,812</b>	273,405
Consulting expenses		<b>101,775</b>	71,300
Travel and entertainment expenses		<b>73,958</b>	63,733
Laboratory expenses		<b>73,408</b>	82,116
Repair and maintenance expenses		<b>71,275</b>	65,473
Sampling expenses		<b>55,742</b>	54,022
Short-term rental expenses		<b>38,369</b>	55,975
Auditors' remunerations			
– Audit and other assurance services		<b>13,530</b>	12,935
– Non-audit and other non-assurance services		<b>235</b>	1,145
Others		<b>117,138</b>	84,868
		<b>7,047,280</b>	7,104,869

(a) The employee benefit expenses (including directors' remuneration) are as follows:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Wages, salaries and staff expenses	<b>956,055</b>	976,312
Temporary staff costs	<b>225,807</b>	129,565
Other employee related expenses	<b>109,804</b>	129,164
Pension scheme contributions*	<b>66,432</b>	88,768
	<b>1,358,098</b>	1,323,809
Restructuring costs ( <i>Note 6</i> )	<b>7,899</b>	38,873
Total employee benefit expenses	<b>1,365,997</b>	1,362,682

\* As at 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: Nil).

## 6 OTHER INCOME, OTHER GAINS/(LOSSES) – NET

	2024 RMB'000	2023 RMB'000
Other income		
Government grants	43,713	80,446
Interest income	37,440	35,706
Rental income	9,835	4,475
	<u>90,988</u>	<u>120,627</u>
Other gains/(losses) – net		
Restructuring costs	(7,899)	(38,873)
Foreign exchange losses, net	(5,993)	(23,161)
Charitable donations	(2,632)	(6,406)
Others	(21,906)	(39,107)
	<u>(38,430)</u>	<u>(107,547)</u>

The other income from government grants represented incentives received from local governments in Mainland China, where the Company's subsidiaries operate. There were no unfulfilled conditions or contingencies relating to these grants.

## 7 INCOME TAX

Taxes on assessable profits of the Company's subsidiaries have been calculated at the rates of tax prevailing in the jurisdictions in which the subsidiary operates.

Under Mainland China income tax laws, enterprises are subject to corporate income tax ("CIT") at a rate of 25% (2023: 25%). The Group's subsidiaries, Ausnutria Dairy (China) Co., Ltd., Bioflag Co., Ltd. and Bioflag (Anhui) Co., Ltd. (subsidiaries of Bioflag Nutrition Corporation Ltd. ("**Bioflag**")) were designated as High-tech Enterprises and were granted a preferential CIT rate of 15% for the year ended 31 December 2024 (2023: 15%). These three PRC subsidiaries were entitled to claim super tax deductions in relation to the qualifying expenditures under the Research and Development Tax Incentive regime in Changsha City, Huai'an City and Suzhou City of Mainland China.

Under the Netherlands income tax laws, enterprises are subject to the Netherlands CIT rate of 19% (2023: 19%) for the first EUR200,000 (2023: EUR200,000) taxable profits and 25.8% (2023: 25.8%) for taxable profits exceeding EUR200,000 (2023: EUR200,000). Ausnutria B.V. and its subsidiaries (the "**Ausnutria B.V. Group**") have been granted a preferential tax benefit in April 2021 for the assessable profits generated in the Netherlands which covers the period from 2018 to 2024 for the recognition of Ausnutria B.V. Group's contribution on research and development in the past years. The preferential tax rates is 9% for the period from 2021 to 2024, on earnings that were or are to be generated by qualifying intellectual property.

Under Hong Kong tax laws, enterprises are subject to Hong Kong profit tax at a rate of 16.5% (2023: 16.5%), except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime, where the first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5%.

A reconciliation of tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to tax expense at the effective tax rates is as follows:

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Profit before income tax	<u>312,515</u>	<u>201,801</u>
Income tax at the statutory income tax rates of the respective jurisdictions	58,201	52,466
Tax effects on preferential tax rates	(8,348)	(16,417)
Non-deductible items and others, net	34,036	4,111
Profits and losses attributable to associates and joint ventures	4,537	5,002
Additional deduction of research and development and other expenses	(12,255)	(10,446)
Tax losses and other temporary differences for which no deferred income tax assets were recognised	17,100	22,162
Utilisation of previously unrecognised tax losses	(25,313)	(751)
Withholding tax on profits retained by PRC subsidiaries	12,704	10,467
Adjustments for current tax of prior periods	(1,982)	(4,713)
Deferred tax related to loss of investment in a subsidiary	(18,501)	(28,936)
Pillar II impact	<u>5,143</u>	<u>–</u>
Income tax in the consolidated statement of profit or loss	<u><u>65,322</u></u>	<u><u>32,945</u></u>

**(a) The Organisation for Economic Co-operation and Development (“OECD”) Pillar Two model rules**

The Group has operations in Mainland China, Hong Kong, Taiwan, the Netherlands, United Arab Emirates, United States of America, Australia, Cayman Islands and British Virgin Islands. It is within the scope of the OECD Pillar Two model rules. The Pillar Two Model rules in the Netherlands come into effect from 1 January 2024. As of the reporting date, Hong Kong, United Arab Emirates and Australia have announced the implementation regarding Pillar Two model rules which have not come into effect. No public announcements in respect of the implementation regarding Pillar Two model rules in other jurisdictions have been announced as of the reporting date.

The Group entities, except for those subsidiaries in the Netherlands, applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group will incur top-up taxes due to the Pillar Two legislation that became effective on 1 January 2024. Under the legislation, the Group is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion Proposal (“**GloBE**”) effective tax rate in each jurisdiction and the 15% minimum rate.

The Group has performed an assessment of the potential exposure of the Group with respect to Pillar Two model rules. The assessment is based on the most recently available financial information and financial performance of the Group’s entities in the respective jurisdictions.

The Group has estimated that the effective tax rates exceed 15% in most of the jurisdictions in which the Group entities operate, except for certain jurisdictions in Middle East where two of the Group’s subsidiaries operate. As these entities are subsidiaries of Ausnutria B.V. Group, a sub-group in the Netherlands, where Pillar Two has already taken effect for the financial year ended 31 December 2024, a current income tax expense of approximate RMB5,143,000 was recognised in the statement of profit or loss of Ausnutria B.V. Group, based on management’s assessment.

## 8 DIVIDENDS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Proposed final dividend – HK\$6 cents (2023: HK\$5 cents) per ordinary share	<u>98,594</u>	<u>80,659</u>

The dividends paid by the Company in 2024 and 2023 for dividends related to the years ended 31 December 2023 and 2022 amounted to approximately RMB80,637,000 and RMB98,460,000, respectively.

A dividend in respect of the year ended 31 December 2024 of HK\$6 cents per share, amounting to a total dividend of RMB98,594,000, was proposed by the directors on the board of directors' meeting held on 10 April 2025 and is to be proposed for approval at the annual general meeting of the Company to be held on 29 May 2025. These consolidated financial statements do not reflect this dividend payable.

## 9 EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,779,927,174 (2023: 1,797,098,142) in issue during the year.

	2024	2023
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations ( <i>RMB'000</i> )	<u>235,975</u>	<u>174,387</u>
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculations	<u>1,779,927,174</u>	<u>1,797,098,142</u>
Basic and diluted – For profit for the year ( <i>RMB cents</i> )	<u>13.26</u>	<u>9.70</u>

Diluted earnings per share for the years ended 31 December 2024 and 2023 were the same as the basic earnings per share as there were no dilutive instruments during the years.

10 TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables from third parties	636,973	447,529
Trade receivables from related parties	87,834	153,414
	<u>724,807</u>	<u>600,943</u>
Bills receivables	5,339	6,120
Less: Provision for impairment of trade receivables	(40,568)	(16,202)
	<u>689,578</u>	<u>590,861</u>

The Group normally allows a credit period from 1 to 6 months (2023: from 1 to 6 months) to certain customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management and followed closely by operation teams. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and before loss allowance, is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 3 months	465,415	502,257
3 to 6 months	144,148	42,240
6 months to 1 year	81,161	24,290
Over 1 year	34,083	32,156
	<u>724,807</u>	<u>600,943</u>

The Group applies the simplified approach to provide for expected credit losses which was a lifetime expected loss allowance for all trade receivables as prescribed by IFRS 9.

The carrying amounts of trade and bills receivables approximated their fair values as at the balance sheet date, due to their short-term nature.

**11 TRADE AND BILLS PAYABLES**

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Trade payables to third parties	<b>502,108</b>	468,541
Trade payables to related parties	<b>31,837</b>	45,777
	<hr/>	<hr/>
	<b>533,945</b>	514,318
Bills payables	<b>–</b>	2,642
	<hr/>	<hr/>
	<b>533,945</b>	516,960
	<hr/> <hr/>	<hr/> <hr/>

An ageing analysis of the trade and bills payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Within 12 months	<b>529,186</b>	510,993
Over 12 months	<b>4,759</b>	5,967
	<hr/>	<hr/>
	<b>533,945</b>	516,960
	<hr/> <hr/>	<hr/> <hr/>

Trade payables are interest-free and are normally to be settled within 12 months.

The carrying amounts of trade and bills payables approximated their fair values as at the balance sheet date, due to their short-term nature.



## CHAIRMAN'S STATEMENT

Looking back at 2024, it was a year full of opportunities and challenges. From a macro perspective, the global economy saw a mild recovery following the pandemic, while in terms of monetary policy, with inflationary pressure alleviating, Europe and the United States of America (the “US”) entered a period of interest rate cuts. However, the recovery process still faced uncertainties such as low economic growth. Domestically in the PRC, the overall economy has been improving steadily and showed stronger resilience and vitality. From an industry perspective, the infant milk formula (“IMF”) industry in the PRC faced intensifying competition and higher concentration in recent years. As the overseas IMF sectors are shifting towards premiumisation and various leading enterprises in the PRC have extended their presence abroad, more intense competition is expected in the future. In 2024, all Ausnutria’s employees followed the established strategic direction, made concerted efforts with unwavering determination and took concrete steps to ensure the Company’s steady progress amid a complex and changing industry environment. Such endeavours have achieved hard-won progress and results.

### I. Financial Performance

Revenue of the Company for the Year 2024 amounted to RMB7,402.4 million, representing a year-on-year (“YoY”) growth of RMB20.4 million or 0.3%. Net profit attributable to the equity holders of the Company amounted to RMB236.0 million, representing a YoY growth of RMB61.6 million or 35.3%. Both revenue and profit achieved growth amid difficulties in the general environment. For six consecutive years, the Company’s own-branded goat milk formulas (the “**Own-branded Goat Milk Formulas**” or “**Kabrita**”) have accounted for over 60% of the market share of goat milk powder for infants and toddlers imported into the PRC. In terms of international business, Kabrita demonstrated rapid growth in multiple markets around the world and continued to be the top-seller in the goat milk powder market globally in terms of quantity and value. The sales performance of the Company’s own-branded cow milk formulas (the “**Own-branded Cow Milk Formulas**” or “**Hyproca**”) faced short-term pressure due to the stringent control measures for channel management, which will, however, be beneficial in the long run to safeguard brand value and market order.

Over the past year, in the face of the grave situation, all our staff actively put Ausnutria’s operating philosophy into practice and rose to the challenge. Kabrita sustained satisfactory momentum and achieved steady growth in both revenue and profit. Hyproca continued to bolster its brand power and enhance its team organisation capability. The international business rose to prominence with notable growth in both revenue and profit. The nutrition business had gradually gained core competitive advantages and achieved sustained growth. All these are hard-won achievements.

## **II. Remarkable Channel Building Efforts and Yielding Mutual Benefits with Partners**

In terms of channel building, adhering to the “horizontal + vertical” channel growth strategy, Kabrita continued to boost the potential and capability of its channels through diverse measures such as enhancing the performance of key channels, optimising channel profit chain and improving product channel layout and operation, thereby further consolidating its market competitiveness. Hyproca achieved “two-pronged” growth in brand influence and sales conversion through a high degree of integration between online and offline marketing. Bioflag realised a growth in the pharmaceutical business and formed in-depth strategic cooperations with its core customers, thus further securing its edges in traditional channels. Based on its established foothold on TikTok’s global shopping platform, NC Aunulife implemented a differentiated layout on a similar channel, Kuaishou.

## **III. Continuous Enhancement in Brand Building with Rising Brand Influence**

In terms of brand building, Kabrita continued to reinforce the mindset of “Goat Milk, Your First Choice” among consumers through multi-dimensional marketing strategies. Hyproca enhanced its brand influence on all fronts with brand building as its core driving force by upgrading its branding strategy, endorsing its products with authority and integrating its marketing efforts. The nutrition business built a brand mix under the parent brand of NC comprising NC, NC Kids and NC Aunulife. Such matrix comprehensively covers consumer groups of all ages and meticulously addresses the needs throughout the life cycle and under diversified conditions, thus creating an all-round brand ecosystem with high quality.

## **IV. Persistent Pursuit of Innovation and R&D to Lead Future Development**

In terms of platform innovation, we continued to strengthen our infrastructure. In March 2024, The Zebrafish Model Organism Laboratory in Ausnutria’s Global R&D Centre was established and is now in full operation. The Five Sphere Integrated Plan of Ausnutria Life Nutrition Fundamental Research Shared Centre, a comprehensive evaluation system covering in vitro systems, cellular mechanistic analyses, model organism validation, mammalian preclinical trials and human clinical investigations, was further enhanced. In May, the innovative Lifecycle Management Platform (PLM System Phase I – Enovia) invented by Ausnutria was launched. This is a pioneering system created by a milk powder enterprise and has set a benchmark for the industry.

All our factories in the Netherlands and Australia have obtained certificates of formula registration. Among them, 9 formulas under 3 series produced in our Australian factories have been approved, marking us the first-ever enterprise in the PRC to have a complete series of IMF produced in Australia approved under the new national standards (the “**New GB**”). In March 2024, Kabrita’s YueHu goat milk powder was shortlisted for the Best Children’s/Baby Product in the World Food Innovation Awards, and Hyproca Hollory’s comprehensive nutritional formula milk powder product series was affirmed as reaching “International Advanced Standards” in terms of formula and technology and was selected as one of the 2024 Major Scientific and Technological Innovations in the Dairy Industry. In May, Kabrita’s YueHu goat IMF and Yingjia high calcium adult goat milk powder won the Gold Award of Monde Selection’s Quality Awards, and Kabrita’s JingYing toddler nutrition formula goat milk powder won the Silver Award of Monde Selection’s Quality Awards. Meanwhile, one of our R&D achievements, the “Research and Development of an Infant Milk Formula Powder that Helps Enhance Immunity”, received the First-class Award for Technological Advancements from the China Dairy Industry Association. In September, the plastic milk powder can lid developed by Ausnutria received the Technology Innovation Award of the 14th M.Success Packaging Innovation and Sustainable Development Award. In November, the Key Technologies and Applications of Targeted Screening and Ambient Encapsulation Stabilisation of Probiotics, which was jointly developed by various organisations including Ausnutria and Yili Industrial, won the First-class Award for Technological Invention of the Chinese Institute of Food Science and Technology.

In terms of intellectual property, we applied for 24 patents and 220 trademarks in total, with 22 patents authorised and 134 trademarks registered, and published 56 research papers. Ausnutria also received the 2024 Intellectual Property Award (Patent Navigation Analysis) by the government of Wangcheng District, Changsha City, the PRC and was ranked among the “Top 50 New R&D Institutions in Changsha City” by the government of Changsha City, the PRC.

## **V. Continuous Enhancement and Optimisation of Global Supply Chain to Achieve Self-Sufficiency in Core Raw Materials Supply**

In October 2024, we completed the acquisition of the remaining 50% shares of Amalthea Group B.V., a goat cheese company in the Netherlands. This has enabled Kabrita to achieve self-sufficiency in terms of the core raw materials of its goat milk formula products and also enriched the variety in Ausnutria’s cheese product portfolio. Our further enhancement in the goat milk supply chain has demonstrated Ausnutria’s confidence in the goat milk industry as well as continuous commitment to foster the goat milk business.

## **VI. Rapid Development of Overseas Businesses**

Amidst the increasing number of domestic enterprises embarking upon international expansion, Ausnutria, which adopted a pioneering strategy for overseas development many years back, has made enormous strides in development and sustained rapid growth in 2024, thereby securing a leading position and enjoying a head start in the overseas goat milk powder market. We had successfully expanded our presence into Saudi Arabia and gained the trust of more mothers in the Middle East with our first-class product quality and superb services. We successfully entered the US market to market and distribute Kabrita's infant formula (0 to 12 months) ("**Kabrita IMF**") after meeting all the requirements as set out by the U.S. Food and Drug Administration (the "**US FDA**") in July 2023. In 2024, being its first year on the market, Kabrita IMF became one of the monthly best-selling items in the goat IMF category on Amazon US. We have made our efforts to achieve sustainable and rapid growth steadily and cautiously with an emphasis on risk management. Having a track record of recognitions from consumers abroad, Ausnutria's overseas businesses have continuously gained global reputation and awareness and have attracted the spotlight at various domestic and international events.

## **VII. Adhering to Integrity and Ethics in Operation and Fostering a Robust Team**

Abiding by the rules and operating with integrity are the cornerstones of our healthy and sustainable development. To ensure the effective implementation and execution of business strategies and foster a robust team with passion and vitality, we firmly uphold the red lines of fighting fraud and keeping market order, continue to improve our team organisation capability, step up the cultivation of middle management talents and create small but efficient operating units. Under the leadership of our insightful pioneers, the operating philosophy of Ausnutria was turned into a common language globally that all Ausnutria staff share and resonate with.

## **VIII. Outlook**

In 2025, as the macro-environment remains uncertain and industry peers continue to compete under market shrinkage, competition will become more intense. To win in such a fierce environment, it is crucial to stay strategically focused while optimising our operating strategies promptly in response to the industry development and competition, and enhance the team's execution capability in all aspects. With a clear future development blueprint in mind, the Company has formulated strategic plans and laid down sophisticated and strategic road maps and key tasks as follows:

- 1) In 2025, we will nurture and maintain the stable growth of both core businesses, i.e. our own-branded cow and goat milk formula businesses, and strive for the continuous and rapid growth of Kabrita international and nutrition businesses as the second growth curve. We will also continue to expand and strengthen core operations and brands according to our strategic road maps, establish our core competitive advantages by unleashing the strength of our complete nutrition product industry chain and developing our signature bacterial strains, and achieve sales breakthroughs in core markets such as the US, Canada and the Middle East and step up the expansion into the Indian market by upholding our globalised marketing strategy;

- 2) We will stay strategically focused and ramp up business evolution. According to the industry and competitive landscape and on the basis of maintaining our established strategic direction, we will optimise the core initiatives of our five-year strategic plan to effectively build our core competence. Meanwhile, we will push for marketing digitalisation, promote business management refinement through integration of digitalisation into business operation, enhance the efficiency of marketing to members and cost usage, and comprehensively enhance operational cost control and profitability;
- 3) We will strive for growth by way of innovation. As the target consumer group gradually shrinks, one of our key tasks is to attract a new batch of consumers. Going forward, we must make further efforts in capturing market trends, closely monitor market dynamics and outrun our peers with great determination and meticulousness by thoroughly understanding the market and analysing our competitors. We will integrate Ausnutria's global R&D system, step up our investment in innovation and R&D, reinforce the protection of intellectual properties, efficiently utilise all sorts of resources, promote industry collaborations and enhance the overall competitiveness of the industry chain through technological innovations;
- 4) We will take good care of, and share our growth with, our employees, who are the most precious asset and wealth of an enterprise. Therefore, we will remain people-oriented, maintain good working environments and development platforms for our staff, share the fruit of our corporate growth with them, and make everyone proud to be a member of Ausnutria; and
- 5) Ausnutria has just embarked on the journey of dedicating itself to the cause of human nutrition, and the challenges ahead of us are manifold. To surmount these challenges, let us embrace science and technology and the new era with an open heart by learning to live in harmony with artificial intelligence. Using innovation as the key, we shall open the door to the castle of the future.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Overview

The IMF industry in the PRC faced new challenges and opportunities in 2024 after years of market fluctuations. Although the birthrate in the PRC has been on the decline and has posed challenges to the IMF industry in recent years, the market environment improved gradually with the gradual rollout of products under the New GB and the continual consolidation of the industry. According to the data of NielsenIQ, the rate of the fall in IMF sales in the PRC market has narrowed to mid-single digit in 2024, showing an improvement over the double-digit YoY decline in 2023.

In 2024, the PRC ushered in the year of the dragon, which represents prosperity in the Chinese culture and therefore boosted the birthrate. According to the statistics from the National Bureau of Statistics of China, the number of newborns in the PRC in 2024 rebounded to 9.54 million, demonstrating an increase of 3.7% as compared with 2023. Such population increase provided the IMF industry with a growth opportunity and acted as a strong stimulant for the industry.

The market also witnessed several structural changes in recent years: 1) The types of products expanded. With the increasingly diversified nutritional needs of consumers, toddler and adult milk powders have gradually become the new growth engines in the market. In addition, goat milk powder grew at a higher rate as compared with traditional cow milk powder and their market share continued to increase. Being easily digestible and hypoallergenic, goat milk powder captured more and more consumers, especially in the high-end market, in which the performance of goat milk powder is particularly outstanding; 2) E-commerce continued to flourish. In terms of channels, the e-commerce channels in the IMF market grew at a much higher rate than that of the traditional offline channels, and the share of the e-commerce market continued to increase. This trend reflected changes in the shopping habits of consumers, especially young parents, for whom online shopping has become the mainstream. As a result, a lot of IMF brands increased their investment in e-commerce channels to capture this fast-growing market; and 3) Emerging IMF markets were booming. On the international front, the IMF markets in the Middle East, India, South America and Africa showed a booming trend with a much higher growth rate as compared with that of the PRC market. With rapid population growth and increasing economic prosperity in these regions, there has been growing consumer demand for high-quality IMF. These emerging markets undoubtedly offered enormous room for growth to the PRC's IMF enterprises. These changes will also provide new growth opportunities for our future development.

## Financial Review

### Analysis on Consolidated Statement of Profit or Loss

#### Revenue

	Notes	Proportion to total revenue				
		2024 RMB'M	2023 RMB'M	Change %	2024 %	2023 %
Own-branded formula milk powder products:						
Cow milk (in the PRC)	(i)	2,106.6	2,562.3	(17.8)	28.5	34.7
Goat milk (in the PRC)	(i)	3,052.6	2,898.5	5.3	41.2	39.3
Goat milk (elsewhere)	(i)	646.6	384.5	68.2	8.7	5.2
Goat milk total		3,699.2	3,283.0	12.7	49.9	44.5
		5,805.8	5,845.3	(0.7)	78.4	79.2
Others	(ii)	1,292.0	1,252.2	3.2	17.5	16.9
Nutrition products	(iii)	304.6	284.5	7.1	4.1	3.9
Total		7,402.4	7,382.0	0.3	100.0	100.0

#### Notes:

- (i) Representing the sales of Own-Branded Cow Milk Formulas in the PRC and Kabrita in the PRC, Europe, the Commonwealth of Independent States (“CIS”), the US, Canada, the Middle East, South Korea, South Africa, Mexico, etc.
- (ii) Representing the sales of formula milk powder products (including IMF) under the customers’ own brands as well as milk, milk powder, cheese, cream and other milk derived ingredients such as whey protein powder, etc.
- (iii) Representing the sales of nutrition products in the PRC and Australia.

The Group recorded revenue of RMB7,402.4 million for the Year 2024, representing an increase of RMB20.4 million, or 0.3%, from RMB7,382.0 million for the Year 2023. The increase in revenue was mainly due to the significant surge in the performance of Kabrita overseas and recovery of Kabrita in the PRC.

## ***Own-branded Goat Milk Formulas (Kabrita)***

For the Year 2024, sales of the Own-branded Goat Milk Formulas amounted to RMB3,699.2 million, representing a YoY increase of RMB416.2 million or 12.7% and accounted for 49.9% (2023: 44.5%) of the Group's total revenue. Sales in the PRC and overseas markets amounted to RMB3,052.6 million and RMB646.6 million, respectively (2023: RMB2,898.5 million and RMB384.5 million, respectively), representing YoY increases of RMB154.1 million and RMB262.1 million, respectively. The Group's products continued to maintain their leadership positions in the goat milk powder market. Both NielsenIQ and Frost & Sullivan affirmed that the market share of Kabrita in goat milk powder for infants and toddlers imported into the PRC exceeded 60% for six consecutive years and that Kabrita continued to be the top-seller in the goat milk powder market globally in terms of quantity and value. Kabrita is mainly manufactured in the Netherlands and sold worldwide.

In the Year 2024, with respect to the Own-branded Goat Milk Formulas:

- (a) Kabrita recorded a YoY increase of 5.3% in sales and achieved groundbreaking progress in several aspects, such as new product launches, brand building and channel development, in the PRC market in 2024, thereby further consolidating its leading position as the number one goat milk powder brand across the globe.

In terms of new product launch, Kabrita continued its efforts in product innovation and swiftly rolled out a number of new products, thus expanding its product mix. In the IMF field, the Company proudly launched key new products, namely Glossom (晶綻)(an organic formula with comprehensive nutrients), Jingcuiyuebai (晶萃悅白)(a formula that strengthens both absorption and protection), Yueqi (悅啟)(a formula that strengthens both absorption and intelligence) and Bojingyuebai (鉑晶悅白) (a formula that alleviates allergies among babies), in 2024 to cater to the diversified feeding needs of consumers. Furthermore, Kabrita also introduced Beibeigao (貝貝高) and Beibigao (貝比高)(two formulas that focus on toddlers' body growth), Xiangyang Beihu (向揚倍護)(a formula that cares for the immune system of school-aged children), Yingjia Shutang (營嘉疏糖)(a formula that cares for the blood sugar level of middle-aged and older people) and several other product series, thereby satisfying nutritional needs throughout the life cycle spanning from baby, child, adult and elderly stages. Capitalising on its diversified product portfolio, Kabrita successfully achieved multi-dimensional coverage and enhanced its brand competitiveness in the market.

In terms of brand building, Kabrita continued to reinforce the mindset of "Goat Milk, Your First Choice" among consumers through multi-dimensional marketing strategies. Through product placement in trending drama series as well as sophisticated operation on Douyin, Xiaohongshu and other platforms, the brand had extensive exposure, earned the endorsement of over 40 experts from Grade-A tertiary hospitals and received favourable comments from over 1,300 streamers in the maternity field. The premium value of Kabrita for being easily absorbed and having better nutrition was attested in multiple ways, such as expert ratings, popularity and word-of-mouth. According to the 2024 White Paper on Infant Formula Feeding among the New Generation of Mothers (《2024新生代媽媽奶粉餵養白皮書》) and the Illustrated Handbook: 2025 Infant Formula Feeding Trends (《人類幼崽餵養圖鑒：2025嬰配粉餵養趨勢報告》) published jointly by Kabrita, Babytree.com and Xiaohongshu, the industry trends of "growing popularity of goat milk powders and the rise of goat milk powders as the first choice in the segment" were verified, and the leadership position of Kabrita in the goat milk powder industry was also affirmed by the "recommendations of 99% of its members", the "testimonials from 10,000 mothers to their feeding results" and the "examination and endorsement by over 400 medical and nutritional experts". These developments have not only ensured that Kabrita stands out from the fierce competition in the market but also laid a solid foundation for its continuous growth in the future.

In terms of channel building, adhering to the “horizontal + vertical” channel growth strategy, Kabrita continued to boost the potential and capability of its channels through diverse measures such as enhancing the performance of key channels, optimising channel profit chain and improving product channel layout and operation, thereby further consolidating its market competitiveness. In 2024, Kabrita achieved full coverage of key provincial capitals and prefecture-level markets and significantly increased the contribution of direct-supply customers in terms of sales volume. In addition, through the “Thousands Counties and Townships (千縣萬鎮)” campaign, Kabrita improved channel penetration, completed inspection and acceptance in more than 200 county seats, and achieved a double-digit YoY growth in sales.

(b) Sales of Kabrita in overseas markets (including the US, the Middle East, the CIS, Europe, Mexico, South Korea and Vietnam, etc.) for 2024 continued to impress and amounted to RMB646.6 million, representing a YoY increase of RMB262.1 million or 68.2%, also representing a further increase to 17.5% of the total revenue of the Own-branded Goat Milk Formula business. Such significant increase in revenue from overseas markets was mainly attributable to the facts that:

- 1) Stage 1 of Kabrita’s IMF officially passed the review by of the US FDA in July 2023 and was officially launched in the US market in January 2024. Drawing on the status as the first European IMF registered by the US FDA and the successful experience in the PRC and other overseas markets, the sales team for the US market proactively promoted precise marketing strategies for online sales channels while continuously expanding the coverage across offline channels. During the year, this product has also been named the “Best Goat Milk Baby Formula Product” in the US. It also became one of the monthly best-selling items in the infant formula goat milk powder category on Amazon US. As more and more medical professionals and professional bodies (such as the American Academy of Pediatrics) in the US recognise that goat milk formulas are the best alternatives to cow milk formulas, the Group believes that goat milk formulas will be increasingly accepted by that market in the future.
- 2) Stable growth in the Middle East market, which is the principal market of the Group’s overseas Own-branded Goat Milk Formula business, continued throughout 2024 and further cemented the strategic position of the business. In particular, the rapidly rising market acceptance and penetration of goat milk formulas strengthened the knowledge and demand of the consumers in Saudi Arabia and boosted sales growth in that region. In addition, an effective medical sales team has been successful in securing new customers and providing further stimulus to sales growth through professional marketing and education. Looking forward, the Group will fully capitalise on its unique edge in upstream production operations and launch a number of goat cheese and other related products in the Middle East so as to broaden its product mix in the region and meet varied consumer needs. In the future, the Group will continue to foster the Middle East market, strive to establish a comprehensive goat milk product portfolio, and further enhance its market scale, brand influence and market share in the region through innovative products and marketing strategies with the aim of laying a solid foundation for the long term development of its overseas business.

- 3) The CIS region, being an important market developed by the Group over the years, exhibited strong growth and resilience with a high double-digit growth in 2024 notwithstanding the complicated and ever-changing external environment and market challenges. Such impressive results were not only brought by the fact that the business development was boosted by the traditionally higher acceptance and popularity of goat milk products among the consumers in the region, but also driven by the successful rollout and market penetration of several other non-IMF products covering a diversified product mix, including snacks and cereals, which effectively satisfied the diverse needs of local consumers and thus further boosted the overall sales performance in the region.

With the aims of attaining its future development goals and building a reliable moat around the goat milk industry chain, the Group completed the acquisition of the remaining 50% shares in Amalthea Group B.V. (a goat cheese company in the Netherlands) in October 2024. This transaction will not only support Kabrita in achieving self-sufficiency in terms of the core ingredients of its goat milk formula products and reinforcing its absolute competitive strength in the goat milk industry chain, but will also help to supplement the Group's product portfolio with cheese products and lay the foundation for the rapid and sustainable development of the Group's overseas business in the future.

Moving forward, Kabrita will continue to adhere to its existing dual brand and channel development strategy to meet the needs of consumers and channels by providing professional products and services and will continue to expand its leading position as the world's number one goat milk brand by stepping up development at home and abroad for better synergy and complementarity.

#### ***Own-branded Cow Milk Formulas (Hyproca)***

For the Year 2024, revenue from the Own-branded Cow Milk Formulas amounted to RMB2,106.6 million, representing a YoY decrease of RMB455.7 million or 17.8% and accounted for 28.5% (Year 2023: 34.7%) of the Group's total revenue. Sales dropped mainly due to the fact that the overall market shrank as the whole IMF industry was affected by the falling birth rate and market demand. Furthermore, the approvals of certain products of the Own-branded Cow Milk Formula under the New GB were behind schedule. The sales performance was also negatively affected to a certain extent by short-term and temporary problems, such as market adaption, resulting from the transition of products from the old national standards to the New GB. To stabilise market prices and ensure long-term sustainability, the Group implemented stringent channel management and control measures. While putting pressure on sales performance in the short term, such measures will help to maintain brand equity and market order and thus ensure sustainable growth in the long run.

In terms of channel building, the Group achieved "two-pronged" growth in brand reputation and sales conversion through a high degree of integration between online and offline marketing. In terms of online marketing, it enhanced its brand power and obtained new customers by carrying out product placement in 14 trending drama series, empowering key customers in the Honour-win Maternal and Infant Alliance (荷天下母嬰聯盟) through advertisement in business districts, and investing in innovative internet advertisements. It also gradually increased the share of e-commerce business by refining the e-commerce operation model, optimising its product portfolio, recruiting high-calibre talent in the industry and perfecting the operation of directly-managed stores and the membership programme. In terms of offline marketing, the Group secured new customers and increased retail sales with offline activities such as thousands of contextual marketing events, nutritional education and the Super Brand Day (超級品牌日). Prices have gradually stabilised through optimising the profit chains, improving the investment model, carrying out digital upgrade and implementing order and quota management. The Group also improved the loyalty of its core customers, its coverage in key markets and the operation of its stores by refining its product mix and layout while upgrading to the New GB.

The Group considers brand building as its core growth engine and strengthens its brand influence through all-round measures such as upgrading its brand strategies, securing authoritative endorsements for its products and integrating its marketing efforts. In terms of brand strategies, Hyproca exploited its selling point of having comprehensive nutrients and developed its brand philosophy of offering “5 types of comprehensive and premium nutrients for immune system and growth”. It also strengthened the premium image of its brand through its source tracking activities to the Netherlands. In terms of authoritative endorsements, Hyproca launched an infant feeding research programme together with the Peking University Health Science Center to support the growth of Chinese infants in a scientific way. In terms of integrating marketing efforts, it further strengthened the market influence of its brand by enhancing the brand’s exposure through the drama series Joy of Life (《慶餘年》) and conducting several cross-marketing events with intellectual properties such as KEEP, the Paris Olympics and Super Wings.

In terms of new products, the Group continued to enforce its product innovation strategy and rolled out 8 new and upgraded products, including namely Hyproca Huanzhi (歡致), the new Hyproca Hyeaze (新喜致), Hyproca Hypure (荷淳), the new Hyproca Neolac (新悠藍), the Jade version of Hyproca Hollory (荷致翡翠), Furui (賦睿), Binzhi (繽致) and Nutrition Star Chaoyu (營養星球超御配方), in order to forge a diversified product mix, meet varied nutritional needs of the self-defense ability, immune system, gut absorption and intelligence of infants and toddlers, and broaden the Group’s product portfolio.

### ***Nutrition Business***

For the Year 2024, revenue derived from nutrition business amounted to RMB304.6 million, representing a YoY increase of RMB20.1 million or 7.1%. The results for the second half of the year rebounded, mainly thanks to the speedy streamlining and adjustment of the core operations, the breakthrough in the in-depth co-operation with core customers, as well as the steady business growth achieved by Bioflag. At the same time, NC Aunulife also contributed to the overall growth of the business by realising significant boost in their online operations, particularly the direct sale and distribution segments. The rapid growth of the direct sale e-commerce operation and the expansion of the distribution channels were the major new growth engines of NC Aunulife.

In 2024, the nutrition business made significant achievements in product innovation and expanded new dimensions of product collaborations by actively exploring and implementing customised product chains for top streamers. In the Xinxuan project, three customised products stood out from the rest in their categories on major e-commerce platforms, leading the market trend with outstanding strength. These new products not only satisfy consumers’ requirements for personalised and high-quality nutritional products, but also further enhance the brand’s market competitiveness through an innovative cooperation model.

In terms of channel building, Bioflag realised a growth in the pharmaceutical business and formed in-depth strategic cooperation with its core customers, thus further securing its edges in traditional channels. Based on its established foothold on TikTok’s global shopping platform, NC Aunulife implemented, a differentiated layout on a similar channel, Kuaishou. It engaged in in-depth cooperation with top streamers, including Brother Yang on Douyin and those at Xinxuan on Kuaishou, and carried out an in-depth collaboration of tailor-made products aiming to demonstrate NC’s brand power. In addition, the cooperation of NC Aunulife with Sam’s Club and other distribution channels also attained steady growth. For the offline segment, through the Yiqichuang (益起創) project, Aunulife registered remarkable results on retailing channels for mother and baby products such as Baby Elephant, Yok and Dengkang (登康), further increasing the penetration rate in the offline market.

In terms of brand building, the nutrition business built a brand mix in 2024 under the parent brand of NC comprising NC, NC Kids and NC Aunulife. Resources have been allocated to six core products under the portfolio, which comprehensively covers consumer groups of all ages and meticulously addresses the needs throughout the life cycle and under diversified conditions, thus creating an all-round and high-quality brand ecosystem.

### ***Gross profit and gross profit margin***

	<b>Gross profit</b>		<b>Gross profit margin</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b><i>RMB'M</i></b>	<b><i>RMB'M</i></b>	<b>%</b>	<b>%</b>
Own-branded formula milk powder products:				
Cow milk	<b>1,096.0</b>	1,379.9	<b>52.0</b>	53.9
Goat milk	<b>2,010.4</b>	1,611.2	<b>54.3</b>	49.1
	<b>3,106.4</b>	2,991.1	<b>53.5</b>	51.2
Others	<b>(17.7)</b>	27.3	<b>(1.4)</b>	2.2
Dairy and related products	<b>3,088.7</b>	3,018.4	<b>43.5</b>	42.5
Nutrition products	<b>130.0</b>	107.6	<b>42.7</b>	37.8
	<b>3,218.7</b>	3,126.0	<b>43.5</b>	42.3
Less: write-down of inventories to net realisable value	<b>(110.8)</b>	(273.4)		
Total	<b>3,107.9</b>	<b>2,852.6</b>	<b>42.0</b>	38.6

The Group's gross profit for the Year 2024 was RMB3,107.9 million, representing a YoY increase of RMB255.3 million, or 8.9%. The increase in the gross profit margin of the Group from 38.6% for the Year 2023 to 42.0% for the Year 2024 was primarily due to the aggregate effect of the (i) improvement in productivity as a result of the decrease in sales discount for the Group's own-branded IMF powder products and the shift in product mix towards high-margin products with higher revenue contribution; and (ii) ongoing optimisation of the supply chain, thus enhancing product freshness and resulting in less inventory provision during the year.

### ***Selling and distribution expenses***

Selling and distribution expenses, which mainly comprised advertising and promotion expenses, exhibition and trade show expenses, salaries and travelling costs of the sales and marketing staff and delivery costs, represented 28.1% (Year 2023: 25.8%) of the Group's revenue. The increase in the selling and distribution expenses to revenue ratio was mainly due to the investment of advertising activities were carried out for the year to advertise and promote the New GB products of the Group to warrant long-term developments.

### ***Administrative expenses***

Administrative expenses mainly comprised staff costs, travelling expenses, office expenses, auditor's remuneration, professional fees and depreciation. The administration expense for the Year 2024 is stable compared to last year.

### ***Other income, other gains/(losses) – net***

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Other income		
Government grants	<b>43,713</b>	80,446
Interest income	<b>37,440</b>	35,706
Rental income	<b>9,835</b>	4,475
	<b><u>90,988</u></b>	<u>120,627</u>
Other gains/(losses) – net		
Restructuring costs	<b>(7,899)</b>	(38,873)
Foreign exchange losses, net	<b>(5,993)</b>	(23,161)
Charitable donations	<b>(2,632)</b>	(6,406)
Others	<b>(21,906)</b>	(39,107)
	<b><u>(38,430)</u></b>	<u>(107,547)</u>

The other income from government grants represented incentives received from local governments in Mainland China, where the Company's subsidiaries operate. There were no unfulfilled conditions or contingencies relating to these grants.

### ***Finance costs***

The finance costs of the Group for the Year 2024 amounted to RMB51.6 million (Year 2023: RMB57.7 million), representing mainly the interests on bank borrowings for financing of the upstream capital expenditures of the Group, particularly a new IMF factory in the Netherlands.

The decrease in finance costs was mainly due to the decrease of bank borrowings. As at 31 December 2024, 100% (31 December 2023: 95.8%) of the Group's bank borrowings are denominated in EUR.

### ***Share of profits and losses of investments accounted for using the equity method***

The amount mainly represented share of losses of Farmel Holding B.V. and its subsidiaries (the “**Farmel Group**”) of RMB22.3 million (Year 2023: share of losses of RMB18.9 million) and profits of Amalthea Group B.V. and its subsidiaries of RMB2.3 million for the Year 2024 (Year 2023: share of profits of RMB2.5 million), which included the profit from valuation appreciation of the initial 50% share, once Amalthea Group B.V. became a wholly owned subsidiary in October 2024. The Farmel Group is principally engaged in the collection and trading of milk and dairy related commodities in Europe, the purpose for the investment in the Farmel Group is to secure the long-term milk supply for the Group’s operations in the Netherlands. Amalthea Group B.V. is principally engaged in the exploitation of cheese factory and the trading of goat cheese and related products.

### ***Income tax expenses***

The effective income tax rate of the Group increased from 16.3% for the Year 2023 to 20.9% for the Year 2024. The increase in effective income tax rate by 4.6 percentage points was mainly due to the increase of non-deductible expenses and the impact of Pillar Two rules, which have come into effective in Netherland since 1 January 2024 in current period comparing with prior year.

### ***Profit attributable to the equity holders of the Company***

The Group’s profit attributable to the equity holders of the Company for the Year 2024 amounted to RMB236.0 million, representing an increase of RMB61.6 million, or 35.3% when compared with the Year 2023.

The increase was mainly attributable to (i) the strong performance of Kabrita overseas and recovery of Kabrita in the PRC; and (ii) the improvement of global supply chain, resulting in less inventory provisions being recorded during the year.

### ***Analysis on Consolidated Statement of Financial Position***

As at 31 December 2024, the total assets and net asset value of the Group amounted to RMB9,662.1 million (2023: RMB10,033.8 million) and RMB5,783.5 million (2023: RMB5,749.2 million), respectively.

The decrease in total assets of the Group as at 31 December 2024 was mainly attributable to the net effect of:

- (i) the decrease in cash and cash equivalents of RMB822.9 million, mainly for repaying bank borrowings, dividends payments, acquiring the remaining 50% interests of Amalthea Group B.V. and other investment activities during the year;
- (ii) the increase of time deposits and long-term time deposits, with original maturity over one year of RMB389.4 million in order to increase interest income; and
- (iii) the increase of property, plant and equipment of RMB126.0 million mainly arising from the additions of construction in progress for the building of the new IMF factory in the Netherlands.

The increase in net assets of the Group as at 31 December 2024 was mainly a result of the net effect of the (i) net profit generated for the Year 2024 of RMB247.2 million (Year 2023: RMB168.9 million); (ii) depreciation of the EUR against RMB which contributed to a decrease on translation of foreign operation of RMB115.4 million; and (iii) payment of final dividend of RMB80.6 million during the Year 2024.

## ***Working Capital Cycle***

As at 31 December 2024, the current assets to current liabilities ratio of the Group was 1.21 times (2023: 1.24 times).

An analysis of key working capital cycle is as follows:

	<b>2024</b>	2023	Change
	<b>Number of</b>	Number of	Number of
	<b>days</b>	days	days
Inventories turnover days	<b>171</b>	174	(3)
Debtors' turnover days	<b>32</b>	31	1
Creditors' turnover days	<b>45</b>	43	2

The decrease in turnover days of the Group's inventories was mainly due to the continuous improvement in production planning and logistics lead time in the global supply chain.

The increase in turnover days of the Group's trade receivables was mainly due to the proportionate increase in sales from the Group's overseas markets which have comparatively longer credit terms than those in the PRC.

## ***Analysis on Consolidated Statement of Cash Flows***

	<b>2024</b>	2023
	<b>RMB'M</b>	RMB'M
Net cash flows from operating activities	<b>299.4</b>	224.7
Net cash flows used in investing activities	<b>(899.2)</b>	(740.9)
Net cash flows (used in)/from financing activities	<b>(273.6)</b>	682.4
Net (decrease)/increase in cash and cash equivalents	<b>(873.4)</b>	166.2

### ***Net cash flows from operating activities***

The net cash flows from operating activities of the Group for the Year 2024 amounted to RMB299.4 million (Year 2023: net cash flows of RMB224.7 million from operating activities). The increase in cash flows from operating activities was mainly attributable to the operation profits.

### ***Net cash flows used in investing activities***

The net cash flows used in investing activities of the Group for the Year 2024 of RMB899.2 million (Year 2023: RMB740.9 million) mainly represented the net effect of (i) the purchases of property, plant and equipment of RMB347.3 million (Year 2023: RMB610.0 million) mainly for the building of the new IMF factory and other related facilities in the Netherlands; (ii) Net cash payment from the acquisition of the 50% issued shares in the joint venture, Amalthea Group B.V., amounted to approximately RMB165.4 million; and (iii) Net procurement for time deposits with maturity more than 3 months with total amount of RMB381.1 million.

### ***Net cash flows from financing activities***

The net cash flows used in financing activities of the Group for the Year 2024 of RMB273.6 million (Year 2023: net cash flows of RMB682.4 million from financing activities) was primarily attributed to the net effect of (i) dividends paid during the year of RMB80.6 million (Year 2023: RMB98.5 million); and (ii) the net repayment of bank borrowings and lease payments of a total of RMB172.1 million (Year 2023: net drawdown of RMB743.9 million).

## **MATERIAL INVESTMENTS AND ACQUISITIONS AND DISPOSALS**

### **Bioflag Acquisition and Bioflag Subscription**

On 19 January 2024, the Company (through its wholly-owned subsidiary, as the purchaser), Yuanta Asia Growth Investment L.P. and Yuanta Venture Capital Co., Ltd. (as the vendors) entered into share purchase agreements to acquire approximately 7.70% of the then issued shares of Bioflag at a total consideration of US\$4,007,690.40 in cash (the “**Bioflag Acquisition**”). On the same date, Bioflag and Hongkong Jingang Trade Holding Co., Limited (a wholly and beneficially owned company of Yili Industrial) entered into a share subscription agreement, pursuant to which Jingang Trade conditionally agreed to subscribe for, and Bioflag has conditionally agreed to allot and issue, 1,796,326 new shares of Bioflag at the consideration of US\$1,904,105.56 (i.e. an issue price of US\$1.06 per share) (the “**Bioflag Subscription**”). Upon completion of the Bioflag Subscription and the Bioflag Acquisition, the equity interest of the Group in Bioflag will be increased from approximately 82.04% to approximately 86.57%. Further details of the Bioflag Subscription and the Bioflag Acquisition are set out in the announcement of the Company dated 19 January 2024.

The Bioflag Subscription was completed on 29 April 2024 and the Bioflag Acquisition was completed on 26 July 2024.

## **Acquisition in Amalthea Group**

On 4 July 2024, Ausnutria B.V., a wholly-owned subsidiary of the Company (as the “**Purchaser**”), and Dairy Goat Holding B.V. (“**DGH**”, the legal successor of Dairy Goat Holland B.V., as the “**Vendor**”) entered into an implementation agreement, pursuant to which the exercise of the put option shall be implemented according to the shareholder’s agreement between Ausnutria B.V. and Amalthea Group B.V. dated 21 October 2022, and Ausnutria B.V. will purchase the remaining shares in Amalthea Group B.V. held by DGH at the put option purchase price of approximately EUR22.5 million. The remaining shares represent 50.0% of the issued share capital of Amalthea Group B.V. held by DGH. Further details regarding the acquisition are set out in the announcements of the Company dated 21 October 2022 and 4 July 2024.

The above acquisition was completed on 18 October 2024 and Amalthea Group B.V. became a wholly-owned subsidiary of the Company thereafter.

## **Acquisition in Dairy Protein Cooperation**

On 27 September 2024, Ausnutria B.V., a wholly-owned subsidiary of the Company (as the purchaser), and Centurion Food B.V. (“**Centurion Food**”) entered into a share purchase agreement in relation to the acquisition of the remaining shares in Dairy Protein Cooperation Food B.V. (“**Dairy Protein Cooperation**”), at a cash consideration of EUR1.0. The remaining shares acquired represent 50.0% of the issued share capital of Dairy Protein Cooperation held by Centurion Food. On the completion date, Ausnutria B.V. shall also repay to Centurion Food the outstanding principal amount of a shareholder’s loan of EUR2.0 million and any outstanding interest for and on behalf of Dairy Protein Cooperation. Further details regarding the acquisition are set out in the announcement of the Company dated 24 September 2024.

The above acquisition was completed on 18 October 2024 and Dairy Protein Cooperation became a wholly-owned subsidiary of the Company thereafter.

Save as disclosed above and elsewhere in this announcement, the Company did not make or hold any significant investments (including any investment in an investee company representing 5% or more of the Company’s total assets as at 31 December 2024) during the Year 2024 and there were no other material acquisitions or disposals of subsidiaries, joint ventures or associated companies during the Year 2024 and up to the date of this announcement.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as otherwise disclosed in this announcement, the Company did not have other plans for material investments or purchase of capital assets.

## **TREASURY POLICY**

The Group has adopted a prudent treasury policy in respect of investments in financial products. Any surplus funds of the Group will only be invested in time deposits or low risk financial instruments from reputable commercial banks that can be redeemed within a short notice period, including primary bank-sponsored wealth management products, money market funds and interbank deposits.

## FINANCIAL RESOURCES AND LIQUIDITY

A summary of liquidity and financial resources is set out below:

	As at 31 December	
	2024	2023
	<i>RMB'M</i>	<i>RMB'M</i>
Bank borrowings	(2,137.7)	(2,378.0)
<i>Add:</i> Lease liabilities	(114.7)	(37.6)
<i>Less:</i> Restricted cash <sup>(1)</sup>	9.3	5.7
Time deposits <sup>(2)</sup>	206.2	–
Long-term time deposits, with original maturity over one year <sup>(2)</sup>	224.1	40.9
Cash and cash equivalents <sup>(2)</sup>	1,214.7	2,037.6
	<hr/>	<hr/>
Net debt	(598.1)	(331.4)
Total assets	9,662.1	10,033.8
Shareholders' equity	5,721.6	5,693.5
Gearing ratio <sup>(3)</sup>	6.2%	3.3%
Solvency ratio <sup>(4)</sup>	<u>59.2%</u>	<u>56.7%</u>

Notes:

(1) An analysis of restricted cash by currency is set out below:

Currency	2024		2023	
	<i>RMB'M</i>	%	<i>RMB'M</i>	%
RMB	8.3	89.3	3.9	68.4
Others	1.0	10.7	1.8	31.6
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>9.3</u>	<u>100.0</u>	<u>5.7</u>	<u>100.0</u>

(2) An analysis of time deposits, long-term time deposits and cash and cash equivalents by currency is set out below:

	2024		2023	
	<i>RMB'M</i>	%	<i>RMB'M</i>	%
RMB	1,361.1	82.7	1,670.0	80.3
US\$	123.8	7.5	16.8	0.8
EUR	65.1	4.0	181.6	8.7
HK\$	37.1	2.3	46.3	2.2
Others	57.9	3.5	163.8	8.0
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>1,645.0</u>	<u>100.0</u>	<u>2,078.5</u>	<u>100.0</u>

(3) Calculated as a percentage of net bank borrowings and lease liabilities over total assets.

(4) Calculated as a percentage of shareholders' equity over total assets.

The Group is dedicated to maintain its overall liquidity by maximising the cashflows generated from operating activities and increasing the facilities with banks to reserve sufficient funding to support its business development, in particular to meet the Group’s strategy of building of the new IMF factory and other related facilities in the Netherlands and the expansion into the nutrition business segment.

Following the continued corporate guarantee executed by the ultimate shareholder (namely, Yili Industrial), the Group has renewed the facilities from main cooperating banks with more favourable terms during the Year 2024. As at 31 December 2024, the Group had outstanding bank borrowings of RMB2,137.7 million (31 December 2023: RMB2,378.0 million), all of which was due within one year (31 December 2023: same).

An analysis of the Group’s outstanding bank borrowings by currency is set out below:

Currency	2024		2023	
	RMB’M	%	RMB’M	%
EUR	2,137.7	100.0	2,278.0	95.8
Other	–	–	100.0	4.2
Total	<u>2,137.7</u>	<u>100.0</u>	<u>2,378.0</u>	<u>100.0</u>

## FOREIGN EXCHANGE RISK

The operations of the Group are mainly carried out in the PRC, the Netherlands, and Australia. During the Year 2024, revenue, cost of sales and operating expenses of the Group are mainly denominated in Renminbi (“RMB”), Hong Kong dollars (“HK\$”), EURO (“EUR”), United States dollars (“US\$”), Australian dollars (“AUD”) or Taiwan dollars (“TWD”) and RMB is the Group’s presentation currency. Besides, most of the bank deposits and bank borrowings of the Group are denominated in RMB, EUR and AUD, respectively. The Group is exposed to potential foreign exchange risk as a result of the fluctuation of HK\$, EUR, US\$, AUD or TWD against RMB.

The management monitors closely on its foreign currency exposure to ensure appropriate measures are taken promptly against any significant potential adverse impact.

## INTEREST RATE RISK

The Group has exposure to the risk of change in market interest rate in relation to its bank borrowings with a floating interest rate. As at 31 December 2024, the Group did not have any outstanding interest rate swap contract and will consider and enter into interest rate swap or cap contract to mitigate the risk of floating interest rate if necessary.

## CREDIT RISK

The Group seeks to maintain strict control over its outstanding receivables and closely monitors the collection to minimise credit risk. As the Group’s exposure spreads over a diversified portfolio of customers, there is no significant concentration of credit risk.

The carrying amounts of cash and cash equivalents, trade and bills receivables, deposits and other receivables represent the Group's maximum exposure to credit risk in relation to the Group's other financial assets.

## CAPITAL COMMITMENTS

As at 31 December 2024, the Group had contracted, but not provided for, capital commitments mainly in respect of purchase of land and buildings, plant and machinery, and other intangible assets of a total of RMB111.4 million (2023: RMB198.8 million).

## CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities (2023: Nil).

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Year 2024, the Company repurchased 573,000 Shares on the Stock Exchange at a total consideration of HK\$1,074,160. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the Shares repurchased by the Company during the Year 2024 are disclosed as below:

Month of Repurchase	Aggregate number of Shares repurchased	Repurchased Price		Total consideration paid  HK\$
		Highest	Lowest	
		HK\$	HK\$	
August	347,000	1.94	1.84	651,800
September	<u>226,000</u>	1.90	1.82	<u>422,360</u>
Total	<u><u>573,000</u></u>			<u><u>1,074,160</u></u>

### Notes:

1. These Shares repurchased by the Company were cancelled on 31 December 2024.
2. The total consideration paid excluded expenses paid for the Share repurchase.
3. Subsequent to the reporting period and up to the date of this announcement, the Company has repurchased 118,000 Shares in aggregate which were cancelled on 31 March 2025.

Save for the above, neither the Company nor any of its subsidiaries purchased, redeemed or sold interest in any of the Shares (including sale of treasury shares, as defined under the Listing Rules) during the Year 2024. As at 31 December 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, no significant events are affecting the Group after the Year 2024 and up to the date of this announcement.

## SUSTAINABILITY POLICIES AND PERFORMANCE

Ausnutria stands by its sustainability vision, actively responds to the United Nations Sustainable Development Goals (SDGs) and creates value together with its stakeholders. The Group is committed to achieving the goals of “Better Nutrition”, “Better Life” and “Better Environment” by optimising its operations and resource allocation and embedding the concept of sustainability into its business practices.

For the eighth consecutive year, Ausnutria launched the “Hyproca Tundra Rose Public Welfare Project”, covering the whole territory of Tibet, with over RMB11.1 million of in-kind and cash donations, organising 59 charitable clinic events and academic exchanges, initiating 50 rounds, training more than 1,100 rural doctors and benefiting over 6,500 families with mothers and babies. This has significantly improved the health of local mothers and children and laid the foundation for the sustainable development of the rural healthcare system.

The Group’s two gasless blend factories in Heerenveen, the Netherlands, were completed in 2017, and the construction of another world-leading gasless wet blend factory was completed in 2024. All of the Group’s factories in the Netherlands are now powered by renewable electricity, thereby significantly reducing carbon emissions and environmental impact.

In 2024, Stage 1 of Kabrita’s IMF passed the review by the US FDA and was launched in the US market. The full range of the infant formula goat milk powder of Kabrita is now available in the US. With its outstanding performance in product quality and safety, Kabrita has become the first goat milk-based IMF to obtain three certifications under the US Clean Label Project. In addition, Ausnutria was granted the 2024 Dairy Industry Association Science and Technology Innovation Enterprise and the First-class Award for Technological Advancements at the annual meeting of the China Dairy Industry Association. An industry publication, “Guidelines for Nutritional Intake During Pregnancy and Postpartum”, was released to provide consumers with scientific guidance. Ausnutria’s “Research and Development on a Formula with Comprehensive Nutrition” was selected as one of the 2024 major scientific and technological innovations in the dairy industry by the Dairy Association of China, further consolidating Ausnutria’s leading position in the field of dairy technology. Meanwhile, Ausnutria was honoured with a number of accolades by the government of Wangcheng District, Hunan Province, the PRC including the Local Development Contribution Award (發展貢獻二等獎) and Outstanding R&D Innovation Contribution Award (科技突出貢獻獎). In recognition of its sustainability and public welfare contributions, Ausnutria also received a number of awards at the Philanthropy Festival, the ESG Development Conference and the Changsha Charity List.

Looking ahead, the Group will continue to formulate sustainability strategies based on the pillars of “Better Nutrition”, “Better Life” and “Better Environment”, focus on carbon emission reduction, conserving energy and establishing a green supply chain, in order to provide consumers around the world with quality products and promote sustainability of the society.

Pursuant to Rule 4(2)(d) to Appendix C2 to the Listing Rules, the Company will publish a sustainability report at the same time as the publication of the annual report, in compliance with the provisions set out in the ESG Reporting Guide in Appendix C2 to the Listing Rules. For more information about Ausnutria’s sustainability commitment and performance for the Year 2024, please refer to the sustainability report to be published at the same time with the annual report for the Year 2024 before the end of April 2025. The English and Chinese versions of the sustainability report 2024 are available to be viewed and/or downloaded on the Company’s website at [www.ausnutria.com.hk](http://www.ausnutria.com.hk) (by clicking “ESG Reports” under the section headed “Investors”) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk).

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high standards of corporate governance within the Group at all times and believes that such practices help safeguard the interests of the shareholders of the Company (the “**Shareholders**”), enhance corporate value and accountability, and improve the Group’s performance.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as its own code of corporate governance practices. The Board also strives to implement the best practices embodied in the CG Code whenever feasible and as far as practicable.

Save for the deviation for reasons set out below, during the Year 2024, in the opinion of the Board, the Company has applied the principles of good corporate governance and has complied with the respective code provisions of the CG Code. The Company will continue to review its corporate governance practices from time to time to ensure they comply with the CG Code and align with the latest developments.

Mr. Song Kungang (“**Mr. Song**”) has resigned as an independent non-executive Director (“**INED**”), the chairman and member of the remuneration committee (the “**Remuneration Committee**”), member of the audit committee (the “**Audit Committee**”) and member of the nomination committee (the “**Nomination Committee**”) of the Company with effect from 30 July 2024 to devote more time to his other business engagements. According to Rules 3.10(1) and 3.10A of the Listing Rules, the Board must include at least three INEDs and the number of INEDs should represent at least one-third of the Board. Following the resignation of Mr. Song, the Company has only two INEDs, thus the number of INEDs falls below the minimum number required under Rule 3.10(1) and Rule 3.10A of the Listing Rules. As a result of the insufficient number of INEDs, the Company failed to comply with the requirements set out in Rule 3.21 of the Listing Rules in relation to the minimum number of members and composition of the Audit Committee. The Company also failed to meet the requirements under Rule 3.25 and Rule 3.27A of the Listing Rules in relation to the composition of the Remuneration Committee and the Nomination Committee. Following the appointment of Mr. Chen Fuquan as an INED on 25 September 2024, the Company has re-complied with all the aforementioned requirements under the Listing Rules.

## MODEL CODE FOR TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in Appendix C3 to the Listing Rules as the standards for the Directors’ dealings in the securities of the Company. Having made specific enquiries with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code for the Year 2024 and up to the date of this announcement.

The Group has a written guideline “Employees’ Code of Dealing the Securities of the Company” for its senior management and employees who are likely to be in possession of unpublished inside information of the Company on terms no less exacting than the Model Code and the Guidelines on Disclosure of Inside Information of the Securities and Futures Ordinance. This guideline provides a general guide and standards for the Company’s senior management, officers and relevant employees in dealing in the securities of the Company.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and notes to the consolidated financial statements for the Year 2024 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year 2024. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## **AUDIT COMMITTEE**

As at the end of the reporting period, the Audit Committee comprised three members and they are all the INEDs (Mr. Ma Ji, Mr. Chen Fuquan and Mr. Aidan Maurice Coleman). The Audit Committee of the Board has reviewed the audited consolidated financial statements of the Group for the Year 2024 including the accounting principles and practices adopted by the Group and discussed with the management of the Company on matters relating to auditing, risk management and internal controls and financial reporting.

## **DIVIDEND**

The Board is pleased to recommend the payment of a final dividend of HK\$0.06 (Year 2023: HK\$0.05) per Share for the Year 2024 to be distributed out of the Company's share premium account. Subject to the approval of the Shareholders at the forthcoming AGM to be held on 29 May 2025, the proposed final dividend is expected to be paid on or around 25 June 2025. As at the date of this announcement, there was no arrangement with any Shareholders under which he/she/it has waived or agreed to waive any dividends.

## **CLOSURE OF REGISTER OF MEMBERS**

### **(a) Entitlement to attend and vote at the forthcoming AGM**

For the purpose of determining Shareholders who are eligible to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Monday, 26 May 2025 to Thursday, 29 May 2025 (both dates inclusive) during which period no transfer of Shares will be registered. To be qualified to attend the forthcoming AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 23 May 2025.

### **(b) Entitlement for the proposed final dividend**

For the purpose of determining Shareholders who are qualified for the proposed final dividend, the register of members of the Company will be closed from Thursday, 5 June 2025 to Monday, 9 June 2025 (both dates inclusive) during which period no transfer of Shares will be registered. To be qualified for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 4 June 2025.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The annual report of the Company for the Year 2024, which contains the detailed results and other information of the Company for the Year 2024 required pursuant to Appendix D2 to the Listing Rules, will be despatched to the Shareholders and published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.ausnutria.com.hk](http://www.ausnutria.com.hk) in due course. This announcement can also be accessed on the above websites.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on Tuesday, 1 April 2025, pending the publication of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in its shares, with effect from 9:00 a.m. on Friday, 11 April 2025.

**Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**Ausnutria Dairy Corporation Ltd**  
**Han Shixiu**  
*Chairman*

The PRC, 10 April 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.*