



Annual Report  
2025

Nourishing Life & Growth

# Nourishing Life & Growth

Ausnutria Dairy Corporation Ltd  
Annual Report 2025



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## MISSION

Nourishing Life  
& Growth.

## VISION

To become the most trustworthy milk formula,  
nutrition and health-care enterprise in the world.



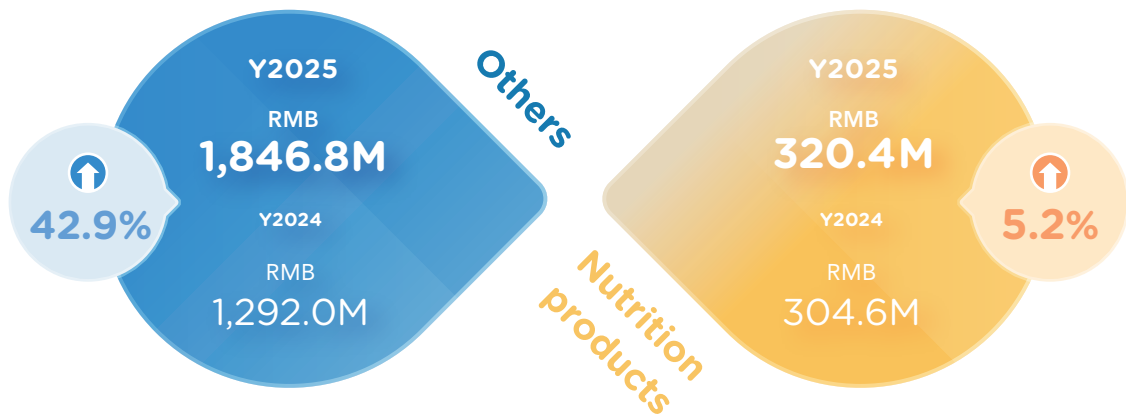
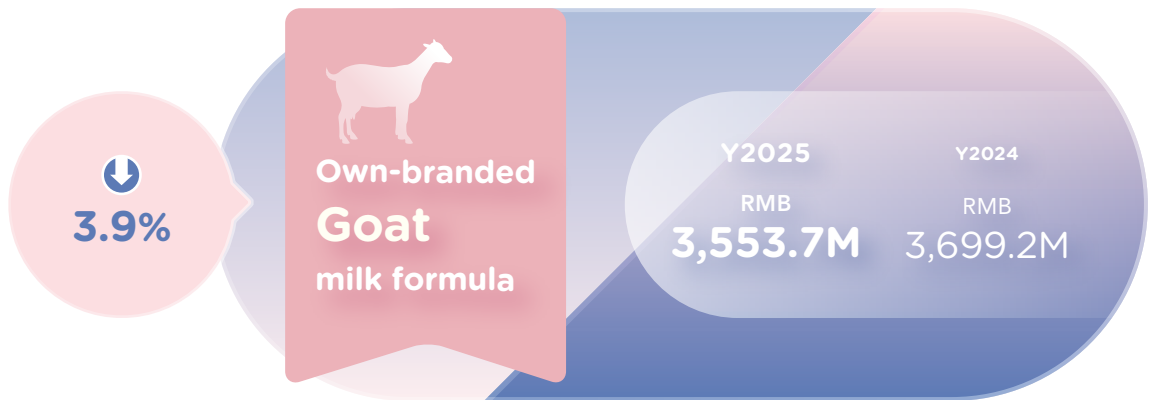
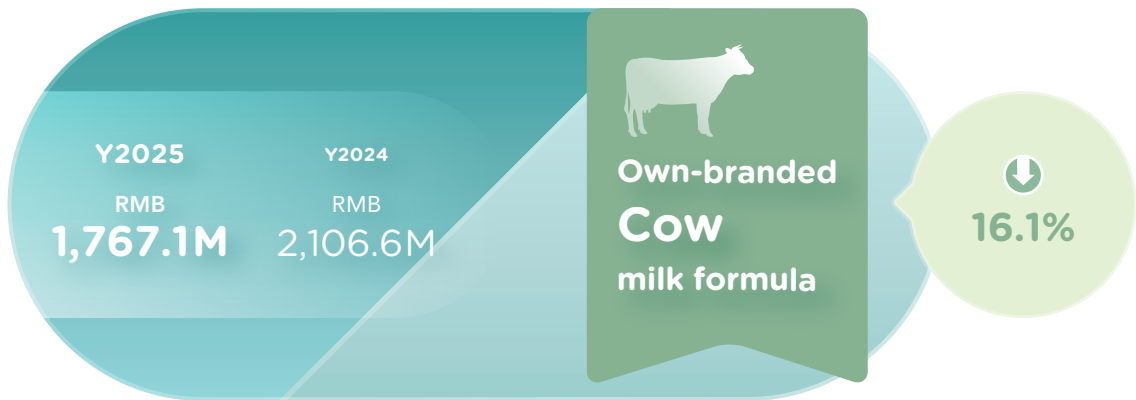
## **SUSTAINABILITY VISION**

We strive to nourish life and growth by providing quality nutritional options to all on a global level. We are committed to creating value in a sustainable manner, and helping build a world in which everyone is empowered to live a healthy and prosperous life.

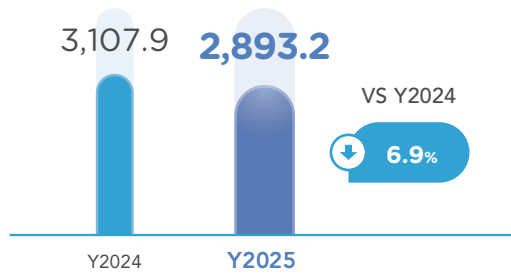


# Financial Highlights

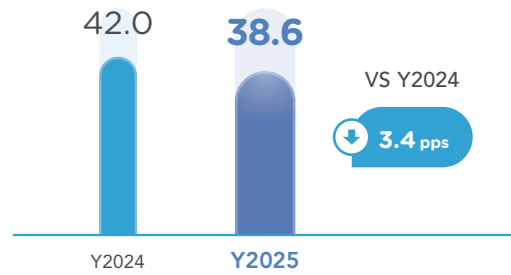
## Revenue Contribution



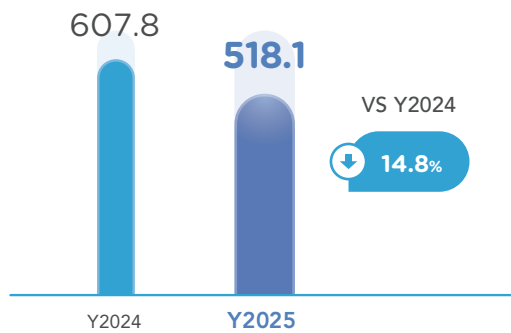
**Gross profit**  
(RMB'M)



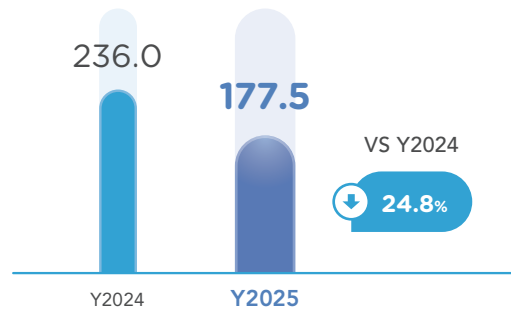
**Gross profit**  
(in %)



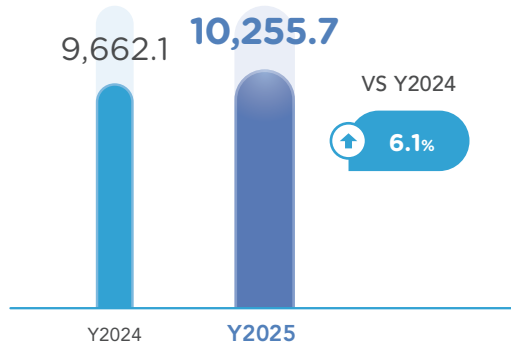
**EBITDA**  
(RMB'M)



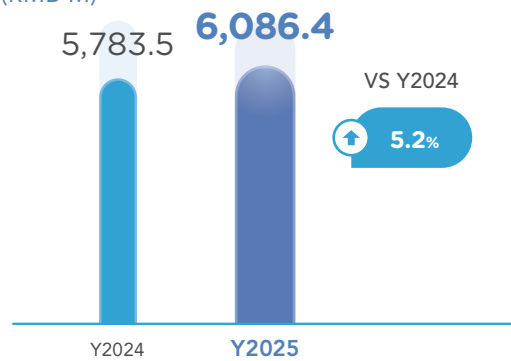
**Profit attributable to Shareholders**  
(RMB'M)



**Total assets**  
(RMB'M)



**Net assets**  
(RMB'M)



## 6 Financial Highlights

(RMB'M, unless otherwise stated)	2021*	2022	2023	2024	2025
Revenue	8,575.2	7,795.5	7,382.0	7,402.4	7,488.0
Gross profit	4,153.4	3,392.8	2,852.6	3,107.9	2,893.2
Gross profit (in %)	48.4	43.5	38.6	42.0	38.6
EBITDA	1,158.4	484.5	474.5	607.8	518.1
Profit before tax	890.7	251.3	201.8	312.5	169.6
Profit attributable to Shareholders	763.8	216.5	174.4	236.0	177.5
EPS (in RMB cent)	44.5	12.1	9.7	13.3	10.0
Cash inflows from/(used in) operating activities	1,071.3	(357.5)	224.7	299.4	372.4
Net assets	4,931.1	5,565.1	5,749.2	5,783.5	6,086.4
Total assets	9,632.5	9,796.1	10,033.8	9,662.1	10,255.7
Net cash/(debt)	1,214.4	426.7	(331.4)	(598.1)	(765.1)

\* Restated.

### The Group's own Brands:

kabrita®  
佳贝艾特®

海普诺凯 1897®  
全面营养 百年精研

NC  
Nutrition Care®

Bioflag  
锦旗生物

康素得®



**BOARD OF DIRECTORS****Executive Directors**

Mr. Ren Zhijian (*Chief Executive Officer*)  
 Mr. Bartle van der Meer  
 Mr. Zhang Zhi

**Non-executive Directors**

Mr. Han Shixiu (*Chairman*)  
 Ms. Yan Junrong  
 Mr. Zou Ying

**Independent Non-executive Directors**

Mr. Ma Ji  
 Mr. Chen Fuquan  
 Mr. Aidan Maurice Coleman

**COMPANY SECRETARY**

Ms. Cheung Ka Lai

**AUTHORISED REPRESENTATIVES**

Mr. Han Shixiu  
 Ms. Cheung Ka Lai

**AUDIT COMMITTEE**

Mr. Ma Ji (*Chairman*)  
 Mr. Chen Fuquan  
 Mr. Aidan Maurice Coleman

**NOMINATION COMMITTEE**

Mr. Han Shixiu (*Chairman*)  
 Mr. Zou Ying  
 Mr. Ma Ji  
 Mr. Chen Fuquan  
 Mr. Aidan Maurice Coleman

**REMUNERATION COMMITTEE**

Mr. Chen Fuquan (*Chairman*)  
 Mr. Han Shixiu  
 Mr. Ren Zhijian  
 Mr. Ma Ji  
 Mr. Aidan Maurice Coleman

**AUDITORS**

PricewaterhouseCoopers  
 Certified Public Accountants

**LEGAL ADVISER**

*As to Hong Kong law*  
 King & Wood Mallesons

**FINANCIAL ADVISER ON RETAINER BASIS**

Asian Capital Limited

**REGISTERED OFFICE**

Cricket Square, Hutchins Drive  
 P.O. Box 2681  
 Grand Cayman KY1-1111  
 Cayman Islands

**PRINCIPAL PLACES OF BUSINESS**

**In Hong Kong**  
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 Shun Tak Centre  
 168-200 Connaught Road Central  
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 Hong Kong

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 Hunan Province, the PRC

**In the Netherlands**

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 8025 BM Zwolle  
 The Netherlands

**In Australia**

25-27 Keysborough Avenue  
 Keysborough VIC 3173  
 Australia

**CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Conyers Trust Company  
 (Cayman) Limited  
 Cricket Square, Hutchins Drive  
 P.O. Box 2681  
 Grand Cayman KY1-1111  
 Cayman Islands

**HONG KONG SHARE REGISTRAR**

Computershare Hong Kong  
 Investor Services Limited  
 17M Floor, Hopewell Centre  
 183 Queen's Road East, Wanchai  
 Hong Kong

**PRINCIPAL BANKERS**

Bank of China  
 The Hongkong and Shanghai Banking  
 Corporation Limited

**STOCK CODE**

1717

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 Email: [ir@ausnutria.com](mailto:ir@ausnutria.com)

**COMPANY'S WEBSITE**

[www.ausnutria.com.hk](http://www.ausnutria.com.hk)





On behalf of the board of directors (the "Board") of Ausnutria Dairy Corporation Ltd ("Ausnutria" or the "Company"), I hereby present the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2025 (the "Year 2025").

In 2025, the external environment was complex and volatile. Geopolitical tensions, inflation and exchange rate fluctuations continued to pose challenges to global businesses. At the same time, the number of newborns in the People's Republic of China (the "PRC") fell to a record low, intensifying stock-driven competition in the infant formula milk ("IMF") market and further increasing industry concentration. Yet challenges also came with opportunities. As the proportion of the domestic population aged 60 and above continued to rise, middle-aged and elderly consumers, as well as the emerging middle class, have become the core growth drivers of the nutrition industry. This high-potential market remains underpenetrated and is awaiting further in-depth development from us.

Looking back at 2025, all Ausnutria staff remained committed and proactive despite challenges. We further optimised our business model, maintained steady operations and achieved strong results across key areas.

1. We have now established five major business segments with a global footprint. Each segment has clearly defined and differentiated development directions and has developed structured competitive advantages over the years. Our domestic cow and goat milk formula businesses, being the Group's core foundation, continued to play a pivotal role in stabilising and safeguarding our fundamentals. Our two "second growth curve" businesses, nutrition and international operations, have leveraged increasingly mature market landscapes and product portfolios to steadily enter a fast-growth trajectory and have emerged as the Group's key growth engines. Our innovative goat-milk-based ingredients and goat cheese business, which is anchored in the deep processing of goat milk and targets niche markets, has created new added value for the Group.
2. At this critical stage in advancing our globalisation strategy, Ausnutria has adopted our "126" culture and operating philosophy as the core to promote organisational and cultural integration across regions. Through initiatives such as immersive workshops, we have broken down cultural barriers and progressively transformed from regionally autonomous operations to truly global, collaborative integration. In 2024, we launched the domestic version of our operating philosophy to solidify cultural alignment within our PRC teams. In 2025, we refined and updated this philosophy to reflect the characteristics of the overseas market. In June 2025, over 40 members of our core management team participated in a four-day overseas strategy and culture workshop in the Netherlands, thereby aligning our team culture across different regions. These measures have strengthened organisational stability and team maturity, enhanced cohesion across our global teams and laid a solid foundation for the further deepening of our global business.
3. In 2025, we continued to drive a profound transformation from traditional extensive management to end-to-end refined management across the entire value chain. The previous approach, which relied on experience-based judgment and lacked well-defined processes, is being replaced by a refined operation system that focuses on data. On the business side, we have scrapped existing models and proactively introduced data-driven thinking at every stage, spanning from needs assessment and process design to implementation, thereby facilitating the trace of decisions, the monitoring of processes, and the measurement of outcomes. Our management system is empowered by digital technologies: through the development of a central data platform, intelligent analytical models and other tools, we dismantled information silos between departments and enabled data to become a key driver for enhancing management and supporting business growth, thus providing a solid safeguard for the Group's long-term healthy development. At present, digitalisation projects for our overseas markets are also progressing in an orderly manner, as planned. As a company firmly committed to global development, we believe that digital transformation will give wings to our global business expansion and help us gain an early advantage in global management and international market expansion.
4. Our international business has achieved a leap from "single-point breakthroughs" to "multiple growth pillars". Performance significantly exceeded expectations; our market and product portfolio was further enhanced; organisational capabilities continued to strengthen; and collaboration and synergy among different segments improved markedly. Taking Saudi Arabia as an example, we were honoured to receive the "Fastest Growing Brand" award from Nahdi, one of the most representative local pharmacy chains, representing a strong endorsement of our product quality as well as a fitting recognition of our team's efforts.



Looking ahead to 2026, a new journey has begun. This will be a pivotal year for Ausnutria to accelerate its evolution and unlock new growth. To this end, we will focus our efforts on the following four areas:

## I. ANCHORING OPERATING TARGETS AND STRIVING FOR BREAKTHROUGHS

Our targets are both a challenge and a source of impetus. Each business unit must refine its business logic and focus on priorities. For the IMF business, we will deepen strategic cooperation with mother-and-baby channels, allocate more resources to the consumer end, and use precise services to attract new customers and retain existing ones, thereby driving a recovery in the business. For the nutrition products business, we will leverage our full-industry-chain competitive advantages, resolutely advance our flagship product strategy, concentrate resources to capture a leading position in the PRC probiotics market and build a new growth engine. For international business, we will focus on core markets such as the Middle East, the Commonwealth of Independent States (the "CIS") and the United States of America (the "US"), pursue steady yet robust development, and establish an efficient, collaborative global management system so that the Ausnutria brand can take root and flourish in more countries.

## II. ACCELERATING SYSTEMATIC DEVELOPMENT AND CONSOLIDATING FOUNDATION FOR GROWTH

Aligned with our five-year strategic plan, building core competitiveness is a top priority. We will strengthen the sense of crisis and urgency across the organisation, enhance execution and problem-solving, and drive a comprehensive upgrade in organisational capacity. We will continue to optimise operating processes, break down departmental barriers, and promote systematic operations to ensure precise implementation of key initiatives. We will also strictly control operating costs and improve efficiency, using system-level strengths to build industry competitiveness and support long-term sustainable development.

## III. FOCUSING ON CONSUMER NEEDS AND UNLOCKING NEW DRIVERS THROUGH INNOVATION

"Putting consumers at the heart of our operations" remains central to our business philosophy. Each operation must monitor market trends and understand consumer needs. On the product side, we will strengthen technological innovation, leverage global R&D resources, and develop functional products that address specific nutritional needs of different groups, making product strength a core competitive edge. In marketing, we will enhance innovation, embrace digitalisation and new trends, and build a differentiated marketing model that is distinct for Ausnutria. By providing warm, human-centred services and meaningful experiences, we aim to earn long-term consumer trust and support sustainable growth.

## IV. UNITING AS ONE TEAM TO SHAPE THE FUTURE TOGETHER

"Those who share the same aspiration will prevail." In a highly competitive market, we must internalise our operating philosophy and translate it into action, ensuring all Ausnutria staff are aligned and united in execution, and turn individual strengths into organisational capabilities. We will continue to foster talent development, offer more practical opportunities and broader growth platforms, and ensure that effort and progress are recognised. This will enable the Company and its employees to advance together and achieve mutual growth.

The global health industry is entering a golden era of development. Public awareness of health is rising, demand for high-quality health products is surging, and digitalisation is becoming deeply integrated with traditional health-related sectors. This presents unprecedented opportunities for Ausnutria as a company dedicated to the nutrition and health field. We benefit from global R&D capabilities, an integrated industry chain and a solid brand foundation, and, even more importantly, an outstanding team that is courageous and ready to compete. These are the cornerstones of our ability to rise against the tide and achieve new milestones.

## ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my sincere gratitude to our customers, business partners, shareholders, government bodies and the wider community for their ongoing support of, and assistance to, Ausnutria. I also extend my heartfelt appreciation to my fellow Board members, senior management and all employees for their dedication and hard work during the Year 2025.

In 2026, let us accelerate our evolution and synergise to overcome challenges.

HAN Shixiu  
Chairman



## INDUSTRY OVERVIEW

From an industry fundamentals perspective, the IMF industry maintained its size in 2025. New-generation parents increased demand for high-quality nutrition, which led the industry to offer a higher proportion of high-quality products and to raise average unit prices steadily. As the demographic dividend from the brief rebound in the birth rate in the Year of the Dragon in 2024 faded, the newborn population declined again in 2025, falling below 8 million, further intensifying competition in the saturated market. With the full implementation of products under the new national standards and the tightening of industry regulations, the market has entered a stage centred on high-quality development: quality, refinement, and globalisation.

Despite structural challenges in the number of newborns domestically, leading brands continued to explore growth opportunities in the saturated market through product innovation, channel optimisation, and value reshaping. In particular, the goat milk powder category, led by Kabrita, maintained its market lead and maintained vigorous growth in the high-end and ultra-premium price segment, given its natural advantages of being easy to absorb and hypoallergenic. Brands like Hyproca have strengthened value connection with professional channels and consumers by upgrading their “comprehensive nutrition” positioning and innovating in-can coding technology.

The industry’s channel structure has further evolved to integrate online and offline channels. As e-commerce and social retail continued to gain penetration, livestream commerce, content seeding, and other forms of digital marketing have become vital media for brands to reach the new-generation parents. Meanwhile, offline channels emphasise experiential upgrades and value-added services, while the growing synergy between mother-and-baby product stores and brands has fostered a consumer-centric, full-scenario service ecosystem.

It is noteworthy that the IMF enterprises in the PRC have achieved a substantive breakthrough in globalisation in 2025. Multinational corporations, among which Ausnutria is a key player, have successfully launched their brands into emerging markets like the Middle East, North America, and Southeast Asia by leveraging their global supply chain layout and R&D capabilities, gradually establishing brand recognition and channel networks worldwide. Overseas business has not only become an important engine for performance growth but has also served as a strategic pivot for the IMF industry in the PRC to navigate industry cycles.

Looking back on the year, the IMF industry in the PRC progressed into a stage of systemic competition, characterised by scientific research and innovation, global operations, and mutual benefits. Moving forward, enterprises that continually revamp products, enhance consumer services, and integrate global resources will secure broader development opportunities in the new industry cycle.



## INDUSTRY OUTLOOK

In 2026, the macroeconomic environment remains highly uncertain. With continued declines in newborn births, competition in a shrinking market is expected to intensify. To achieve the defined goals of our new strategic cycle amidst such fierce competition, the key lies in maintaining strategic focus, strengthening organisational capabilities aligned with both our strategic objectives and the competitive landscape, and proactively optimising our operating strategies. In 2025, the Company formulated a new five-year strategic plan that clearly outlines our future direction and conducted a meticulous deployment of our strategic roadmap and key priorities:

- 1) In 2026, the Company has clearly defined its strategic direction: our own-branded cow and goat milk powder business will serve as the core foundation for steady growth, while the Kabrita international and nutrition businesses will serve as the second growth driver to maintain rapid momentum. We are also actively exploring opportunities in deep processing of goat-derived raw materials. To support our strategic direction, we will continue to strengthen our core businesses and brands, leverage our end-to-end nutrition industry chain to develop “star” bacterial strains, and build a core competitive advantage. Furthermore, we remain committed to our internationalisation strategy, targeting sales breakthroughs in key markets such as the US, Canada, and the Middle East, and accelerating development in the Indian market.
- 2) We will stay focused on our strategic moves and accelerate business evolution. Ausnutria will align with industry trends and the competitive landscape to maintain its established strategic direction. Building on the in-can code upgrade for our flagship products, we will implement a membership-based operating system supported by digitalisation. We will also comprehensively optimise production costs and continuously accelerate operational efficiency improvements, aiming to reduce overall operating costs and enhance profitability.
- 3) We will drive growth through innovation. As the target consumer population declines, attracting the next generation of consumers is a key priority for Ausnutria. Moving forward, the Company will further grasp industry trends and closely monitor market dynamics. By deepening our market insights and analysing competitors, we are committed to prevailing in this competition with unwavering resolve and a meticulous approach. The Company will increase investment in innovative R&D and strengthen intellectual property protection. Furthermore, we will efficiently leverage multi-party resources to promote industrial synergy and use technological innovation to enhance the overall competitiveness of the entire supply chain; and
- 4) Ausnutria’s mission to advance human nutrition is just beginning, and many challenges lie ahead for us to overcome. The Company will embrace technology and adapt to this evolving era with an open mind, learning to work alongside artificial intelligence. With innovation at the forefront, we are committed to shaping the future.



## BUSINESS REVIEW

The Group recorded revenue of RMB7,488.0 million for the Year 2025, representing an increase of RMB85.6 million, or 1.2%, from RMB7,402.4 million for the year ended 31 December 2024 (the "Year 2024"). The growth mainly resulted from: (i) substantial improvements in Kabrita overseas performance; and (ii) the increase in sales of goat cheese following the acquisition of Amalthea (together with its subsidiaries, the "Amalthea Group") in October 2024.

### Own-brand formula goat milk powder ("Kabrita")

During the Year 2025, amid global economic fluctuations and intense competition in the IMF market in the PRC, Kabrita, the Group's goat milk powder brand, further secured its leading position at home and abroad through clear strategic planning and highly efficient execution. For the Year 2025, sales of own-brand goat milk powder was RMB3,553.7 million, representing 47.4% of the Group's total revenue (2024: 49.9%). Sales in the PRC and overseas markets amounted to RMB2,579.4 million and RMB974.3 million, respectively (2024: RMB3,052.6 million and RMB646.6 million, respectively). In particular, sales in the overseas market rose year-on-year ("YoY") by RMB327.7 million, or 50.7%, leading to a further increase in the sales contribution from the overseas market to the overall goat milk powder segment by 9.9 percentage points to 27.4% (2024: 17.5%). The PRC market, however, recorded a YoY decrease in revenue of RMB473.2 million, or 15.5%, due to the intense domestic competition in the industry and the impact of the implementation of the in-can code product upgrade.

#### (a) Overseas markets (including but not limited to the Middle East, the US, the CIS, Europe, Mexico, South Korea, and Vietnam)

During the Year 2025, the Group's Kabrita brand maintained robust growth momentum in overseas markets, recording a YoY increase of 50.7%, which further consolidated its leading position in the global goat milk formula market. These achievements were primarily attributable to strategic breakthroughs in regions such as the Middle East, North America and the CIS, as well as the successful expansion into emerging markets, including Southeast Asia and Canada. Kabrita continued to deepen its international market penetration through channel expansion, product innovation and brand building, achieving all-around business growth.

The Middle East remained the largest contributor to the Group's overseas business, accounting for 45.7% of the total overseas revenue and representing a YoY increase of 65.5%. The growth mainly came from mature markets such as Saudi Arabia, the United Arab Emirates, Qatar and Kuwait, where the medical recognition of goat milk formula increased through intensive promotion in professional medical channels. Performance in Saudi Arabia was particularly outstanding, attributable to in-depth cooperation with local maternal-and-child care institutions and healthcare professionals, which effectively boosted acceptance among consumers and market penetration. Furthermore, performance in the Oman market, which was newly developed in 2025, exceeded expectations and provided additional impetus to regional growth. Looking ahead, the Group will keep cultivating the Middle East market, refining its product portfolio, and rolling out innovative products and marketing strategies to expand market scale and brand influence.

Revenue from the North American market (the US and Canada) increased by 39.5% YoY, accounting for 22.2% of the total overseas revenue, demonstrating strong growth potential. In May, Kabrita successfully entered Walmart, the largest retailer in the US, further expanding its offline coverage presence through its traditional channels and reaching a wider range of consumers. In addition to the US, it also successfully launched its products in Canada and achieved rapid growth. Furthermore, as the first European IMF brand to obtain registration with the U.S. Food & Drug Administration (the "FDA"), Kabrita continued to receive recommendations from medical professionals, leveraging its advantages in compliance and safety as well as the endorsement from the American Academy of Pediatrics regarding goat milk formula as an ideal substitute for cow milk formula, strengthening the foundation of brand trust.



In April 2025, Kabrita successfully organised an international medical seminar titled “The Future of Goat Milk” in Amsterdam, bringing together over 100 medical professionals from 30 countries to conduct in-depth discussions about the clinical advantages of goat milk formulas for digestion and absorption. It successfully launched upgraded formulas in three key markets during the same year and has planned to roll them out in other markets in 2026. In addition, the Group initiated a number of large-scale clinical research projects in the EU and the Middle East, such as the collaboration with King Faisal Specialist Hospital in Saudi Arabia, the first study of its kind in the country, with results expected to be published between 2027 and 2028, further enriching the scientific validation system for goat milk formulas.

Looking forward, the Group will continue to reinforce Kabrita’s leading position in the global goat milk formula sector through scientific research and innovation, professional endorsements, and market expansion, aiming to deliver continuous breakthroughs and create value for the global infant and young child nutrition industry.

(b) *The PRC market*

In terms of recognition by authoritative institutions, Kabrita again secured dual endorsements in 2025. Frost & Sullivan recognised that the brand remained the top seller in the global goat milk powder market, both in volume and value. Data from NielsenIQ showed that the market share of Kabrita in goat milk powder for infants and toddlers imported into the PRC exceeded 80% in terms of sales volume and value, and the brand has maintained a market share of over 60% in this segment for eight consecutive years, demonstrating its unbeatable position as the sector bellwether. In addition, according to Nielsen and Syntun, Kabrita’s market share across channels in the PRC reached 30.2% in 2025, up 2.6 percentage points from 2024. This reflected that the Group’s new product rollout and channel optimisation strategies implemented in the previous period have borne fruit, as retail sell-through performance and the brand’s market influence continued to rise.

In terms of product innovation and portfolio optimisation, in the face of market competition, Kabrita continued to centre its strategy on the “1+N+X” product matrix. Such a portfolio comprises a flagship product that synergises with products across multiple categories, aiming to enhance product competitiveness through structural upgrades and refined operations. Yuebai (悅白), the flagship product, underwent a dual upgrade to its packaging and formula, adding OPL, a structured lipid similar to that found in breast milk, and hypoallergenic whey protein. It features the advantages of both the naturally occurring small molecules and the A2 protein of goat milk, strengthening its hallmarks as “being easy to absorb and hypoallergenic” through evidence-based research. In the meantime, an upgrade of the in-can coding system enabled precise management and control of product flows, the reshaping of the channel value chain, and precision marketing to members, thereby effectively boosting product sell-through, word-of-mouth recommendations, and popularity. Glossom (晶綻), the first and only organic goat milk infant formula in the PRC, maintains a premium positioning as the industry benchmark for transaction pricing, thereby significantly enhancing brand prestige. Jingcuiyuebai (晶萃悅白) focused on “absorption + immunity”, while Yueqi (悅啟) emphasised “absorption + cognitive development”, synergising with Yuebai (悅白) to address a wider range of needs from various segments and reinforce the brand’s advantages in the premium market. In the children’s milk powder segment, Kabrita maintained its top position in this niche market. The Company actively advanced the upgrade of its products for children and the middle-aged and elderly to meet the new national standard, while launching the Yingjia (營嘉) adult goat milk powder series focusing on “intestinal health + targeted functional benefits” to progressively improve its full-age nutrition portfolio.

As to channel development, the Group continued to drive the structural optimisation of its channel system, deepening its strategic layout that combines deeper penetration of core channels with regional network expansion. By strengthening its strategic partnerships with core distributors, the Group has further elevated the contribution of its direct supply system to overall sales, achieving steady growth year over year. Meanwhile, the channel network has sustained healthy expansion, with end-market coverage capabilities continually strengthened. Regarding its product channel strategy, the Group focused on optimising the retail footprint of its “1+N+X” product matrix, thereby effectively boosting synergies across the full portfolio through greater market penetration of the N+X series. Currently, the proportion of retail stores fully stocking the complete product range has seen a marked increase, while the proportion of stores carrying only a single product series has correspondingly declined, reflecting the positive results of the product mix strategy at the retail level. From the perspective of channel efficiency, the contribution from the N+X product series to the overall channel structure continued to rise, becoming a key pillar in optimising channel profit allocation and bolstering end-market sell-through.



With regard to brand building, Kabrita continued to strengthen its image as the “world’s No. 1 Goat Milk Brand” through multi-dimensional strategies that fortify its brand moat and deepen user trust. On authoritative endorsements, the brand completed nearly 1,500 rigorous tests via Daddy Lab, becoming the first goat milk powder brand in the industry to receive such certification. It collaborated with Xiaohongshu to launch the first overseas traceability initiative for milk powder, with cumulative video views exceeding 10 million and over 100,000 consumer interactions. The brand also joined with Kantar, Xiaohongshu and JD.com to release the industry’s first four-party “White Paper”, which was covered by over 80 authoritative media outlets and drove the category’s influence beyond its traditional circles. In brand value communication, building on the established “easy absorption, better nutrition” proposition, the Group further focused on “clinically proven feeding results consumers can see”, leveraging scientific data to reinforce its professional image, alongside a national upgrade of retail outlet visual identity systems to significantly enhance premium brand perception. At the consumer engagement level, the brand has built an integrated marketing matrix encompassing product placement in films and television series, Douyin Local Life, and Xiaohongshu KOLs, driving sustained growth in brand exposure, deeper consumer mindset penetration and comprehensive enhancement of market influence and emotional connection with consumers.

#### Own-Brand Cow’s Milk Formulas (Hyproca)

Affected by intense domestic industry competition and the implementation of an in-can code product upgrade, revenue from the Group’s own-branded cow milk formulas amounted to RMB1,767.1 million for the Year 2025 (Year 2024: RMB2,106.6 million), representing a YoY decrease of RMB339.5 million, or 16.1%. Despite short-term adjustments and periodic sales fluctuations during the year resulting from the strategic upgrade to lean operations through in-can coding, the temporary impact of this transformation has gradually subsided as off-code inventory is fully cleared, the in-can code product retail network continues to expand, and the membership system grows steadily, thereby laying a solid groundwork for high-quality growth in 2026. The launch of in-can coding technology has enabled end-to-end cross-border traceability and a closed data loop for products, from their Dutch milk sources to Chinese consumers. The system not only facilitates channel profit management and anomaly product flow alerts but also significantly enhances consumer experience and brand loyalty, providing a digital foundation for a tripartite win-win ecosystem among the brand, channels and users.

With respect to brand building, Hyproca further strengthened consumer recognition and trust in its positioning as the “premium products imported from the Netherlands” through authoritative endorsements, omni-channel communications and immersive interactions. During the year, it once again obtained certification as the “Best seller for complete nutrition milk powder” and received multiple industry accolades, while jointly releasing the 2025 White Paper on Complete Nutrition Milk Powder with professional institutions to underpin its professional image with scientific research. In respect of its communication strategy, the brand established an all-scenario communication matrix spanning collaborations with television dramas, community elevator media and social platforms, and deepened emotional connections with consumers and continuously enhanced brand influence through innovative interactions, such as a cross-sector collaboration with the Strawberry Music Festival and the creation of the “Comprehensive Immunity & Protection Park”.

In terms of product innovation, Hyproca launched a total of 14 new and upgraded products during the year, across the two major categories of IMF and children’s milk powder. Its flagship product, Hollory (荷致), was upgraded, further consolidating its leading position in the comprehensive nutrition and immunity health segments. Meanwhile, new products such as Zhizhuo (稚卓), Tianzhi (恬致) and Yaozhi (耀致) were successively launched, focusing on specific functions including self-protection, gentle nutrition and high-potency lactoferrin, respectively, to meet diverse market demands. In the children’s milk powder category, the Nutrition Star (營養星球) series actively targets emerging segments such as height growth and self-protection, with formula upgrades completed across all stages, progressively building a system of nutritional solutions covering all age groups.

As to channel building, Hyproca continued to optimise its sustainable development model of “deep offline cultivation, explosive online growth and stable pricing”. Through deeper strategic collaboration with core distribution partners, offline channels drove steady improvements in single-store contribution and store activity, while the direct supply system maintained healthy performance growth throughout the year. E-commerce channels performed particularly strongly, achieving robust sales growth and receiving authoritative recognition such as the “Top Growing Brands (增長先鋒品牌)” award from JD.com. In terms of pricing management, the brand effectively maintained the stability of its retail price system through value chain optimisation and digital control tools, creating a sustainable operating environment for its channel partners.



### Nutrition Business

For the Year 2025, revenue derived from the Group's nutrition business segment as a whole amounted to RMB320.4 million (Year 2024: RMB304.6 million), representing a YoY increase of RMB15.8 million, or 5.2%. The full-year performance growth was primarily attributable to the market breakthrough of popular probiotic strains, precise channel strategies and the sustained brand marketing synergies, reflecting the Group's comprehensive competitiveness and strategic execution efficiency in the professional nutrition and health sector.

In terms of brand building, Bioflag upholds the philosophy of "infant-grade standards for superior probiotics", continuing to lead industry value benchmarks. The Company entered into a strategic cooperation with Jiangnan University to jointly establish the "Jiangnan University – Bioflag Probiotics Collaborative Innovation Centre", laying a solid foundation for the brand's scientific research capabilities. Its popular probiotic strain K56 received the 2025 iSEE Award – Innovative Technology of the Year (2025 iSEE 年度創新技術獎), while the CP-9 strain obtained GRAS certification from the US FDA, further consolidating the brand's technological leadership in the probiotics field. In addition, the Company actively participated in high-profile industry events such as the Boao Food for Health Science Conference and Expo and released the White Paper on Maternal-and-Infant-Derived Probiotics Research and Applications in China (《中國母嬰源益生菌研究及應用白皮書》) and the 2025 Probiotics Industry White Paper (《2025益生菌行業白皮書》), continuously enhancing its brand influence and voice in the industry. NC Aunulife implemented a multi-dimensional brand upgrade, with its NC Seasonal Biotic Synbiotic Mix (NC 舒鼻益生菌) certified by Euromonitor International as "Australia's National Best Selling Brand of Probiotics for Nasal Allergies", establishing its advantage in this segment. Through a partnership with a television programme of Beijing Radio & Television Station, it communicated the health concept of "combining treatment and nutrition" to premium consumer segments. On the digital marketing front, the Group deeply cultivated the Xiaohongshu platform with precise targeting of core demographics, successfully positioning NC Gut Relief (養胃粉) and Seasonal Biotic Synbiotic Mix (舒鼻益生菌) as category search leaders, thereby consolidating its edge in the cross-border healthcare sector.

In respect of product innovation, Bioflag focused on technological innovation and product iteration in 2025, achieving multiple breakthroughs in strain R&D, dosage form design and packaging solutions. Its "Space Capsule (太空艙)" freshness-lock bottle for probiotics was recognised as an Innovation Case by People.cn's Technology Empowerment (人民網•科技賦能) programme. In October, it launched Yili Changshi (伊利暢適) Probiotics featuring the patented BL-99 strain, securing a place on e-commerce bestseller lists. The Company successively introduced diversified solutions, such as fast-dissolving powders and micro-effervescent tablets, empowering partners to enhance the competitiveness of their end products. NC Aunulife focused on achieving upgrades in its infant and child nutrition product lines and expanding into emerging segments of adult emotional and sleep support supplements. Its NC Kids line launched two new TGA-certified products: G13+ BONE GROWTH (G13成長膠囊), which became the pick of the bunch of body growth products with leading lysine content; and EyeQ EYES AND BRAIN (EyeQ 腦力素), which supports the synergistic growth of children's eyes and brains with a scientific composition of three key nutrients. In addition, Aunulife collaborated with Daddy Lab to roll out ShouHu PRO Probiotics (首護 PRO 益生菌), which set an industry record for live bacteria content and improves babies' gut health in 48 hours. With respect to kids' body growth, it launched the innovative Body Growth CP (長高 CP) series: Yigao 500 Probiotics (益高500益生菌) and Yuegao 420 Calcium and Zinc VD Nutritional Drink (躍高420鈣鋅 VD 營養飲), which created a systematic body-growth stimulating solution.

Bioflag achieved structural breakthroughs in its channels: the pharmacy channel, as the core business segment, saw simultaneous expansion in scale and growth rate; private domain e-commerce deepened cooperation with leading platforms, contributing significant growth; the B2B client base continued to expand, strengthening the retail application of popular probiotic strains; and the overseas business achieved channel breakthroughs in 2025, successfully entering markets including Spain, the US, France and Germany. NC Aunulife adopted a dual online-offline drive strategy. Online retail channels (official flagship stores on Tmall and JD.com) delivered steady growth; social e-commerce propelled sales surge via influencer live streams and brand-run broadcasts; private domain distribution, as the core channel, secured key accounts such as Sam's Club, becoming a leading brand in cross-border health supplements. Offline channels continued to strengthen ties with core customers while actively developing high-potential groups, with initial successes in pharmacy channel pilots laying the foundation for diversified business expansion.



## INNOVATION AND R&D

For innovation ecosystem development, Ausnutria continued to deepen its strategic collaboration with Jiangnan University and Northeast Agricultural University and successfully established two major innovation platforms: the Jiangnan University-Ausnutria Dairy Joint Innovation Centre for Microecology and Functional Milk (江南大學—澳優乳業微生態及功能乳聯合創新中心), and the Ausnutria Dairy-Northeast Agricultural University Dairy Innovation Centre (澳優乳業—東北農業大學乳品創新中心). During the year, the Ausnutria Global R&D Management Integrated PMP System (Phase I) (澳優全球研發管理一體化 PMP 系統 (一期)) was launched to steadily advance the coordination, management and control of global R&D activities across all processes, dimensions, and locations, further boosting R&D management efficiency and collaborative capabilities.

Significant progress was made in innovative R&D, yielding numerous achievements. In the first half of 2025, the Group successfully introduced and launched four new goat milk ingredients: goat milk casein hydrolysate, goat whey protein hydrolysate, goat milk lactoferrin, and goat colostrum powder. Several of these achieved a breakthrough from “zero to one” in global commercial application. Additionally, the research achievement titled “Research and Development of an Infant Formula Milk Powder that Assists in Immunomodulation and Relieves Stress-induced Immune Dysfunction (《一種有助於免疫調節和緩解免疫應激的嬰幼兒配方奶粉的研究與開發》)” won the First Prize in the Science and Technology Awards of the China Dairy Industry Association. In December, the project “Key Technological Innovation and Application for Quality Evaluation of Raw Milk Powder (《原料奶粉品質評價關鍵技術創新及應用》)”, jointly developed by Ausnutria, Beijing Technology and Business University, and Yili, earned the Special Prize of the National Commercial Science and Technology Progress Award (全國商業科技進步獎). These accolades further solidified the Company’s position as a market leader in dairy technological innovation.

Regarding product innovation, Ausnutria continued its efforts in product revamp and expansion by registering 24 products across 8 series under the new national standards 2.0, and launching 6 IMF products across 2 series, 25 types of formulated milk powder, and 17 nutritional products. Notably, liquid calcium and special dietary coated tablets, which are innovative dosage forms, were first developed by the Group. The introduction of preservative-free shaped pouches and tablet-coating processes has enabled the Group to address gaps in the relevant sub-categories. Furthermore, the Group’s probiotic strain CP-9 received its first FDA GRAS certification, providing a solid foundation for its global strategic layout for probiotic products.

In the field of intellectual property, the Group filed 20 patent applications and secured 31 new patents during the year. 31 new trademark applications (including 3 overseas) were submitted, 56 registrations were achieved, 1 Madrid registration was obtained, and 49 academic papers were published. For standard setting, the Group participated in the formulation of a national standard, namely the “National Food Safety Standard – Measurement of Gentamicin Residues in Animal-derived Foods (《食品安全國家標準動物性食品中慶大黴素殘留量的測定》)”, and a group standard, namely the “Capillary Gel Electrophoresis for the Measurement of Whey Protein Content in Infant Formula Goat Milk Powder (《嬰幼兒配方羊奶粉乳清蛋白含量檢測毛細管凝膠電泳法》)”. In addition, it received the Excellence Award (優秀獎) in the first Changsha Patent Operation Competition (專利運營大賽) and was granted the “2025 Hunan Province Intellectual Property Strategy Promotion Project (Key Trademark Brand Building) (2025年湖南省知識產權戰略推進項目(重點商標品牌建設))”. It was also recognised as a National Intellectual Property Demonstration Enterprise (國家知識產權示範企業) and successfully re-certified as a national high-and new-tech enterprise.



## FINANCIAL REVIEW

### Analysis on Consolidated Statement of Profit or Loss

#### Revenue

	Notes			Change %	Proportion to total revenue	
		2025 RMB'M	2024 RMB'M		2025 %	2024 %
Own-branded formula milk powder products:						
Cow milk (in the PRC)	(i)	1,767.1	2,106.6	(16.1)	23.6	28.5
Goat milk (in the PRC)	(i)	2,579.4	3,052.6	(15.5)	34.4	41.2
Goat milk (elsewhere)	(i)	974.3	646.6	50.7	13.0	8.7
Goat milk total		3,553.7	3,699.2	(3.9)	47.4	49.9
		5,320.8	5,805.8	(8.4)	71.0	78.4
Cheese, Private Label and others:						
Cheese	(ii)	1,006.4	183.6	448.1	13.4	2.5
Private Label	(iii)	200.0	191.8	4.2	2.7	2.6
Others	(iv)	640.4	916.6	(30.1)	8.6	12.4
Cheese, Private Label and others total		1,846.8	1,292.0	42.9	24.7	17.5
Dairy and related products		7,167.6	7,097.8	1.0	95.7	95.9
Nutrition products	(v)	320.4	304.6	5.2	4.3	4.1
Total		7,488.0	7,402.4	1.2	100.0	100.0

#### Notes:

- (i) Representing the sales of own-branded cow milk formula products in the PRC and Kabrita in the PRC, Europe, the CIS, the US, Canada, the Middle East countries, South Korea, South Africa, Mexico, etc.
- (ii) Representing the sales of goat cheese, semi-hard goat cheese and related by-products.
- (iii) Representing the sales of formula milk powder products (including IMF) under the customers' own brands.
- (iv) Representing the sales of milk, milk powder, cream and other milk derived ingredients such as whey protein powder, etc.
- (v) Representing the sales of nutrition products in the PRC and Australia.

The Group recorded revenue of RMB7,488.0 million for the Year 2025, representing an increase of RMB85.6 million, or 1.2%, from RMB7,402.4 million for the Year 2024. The increase in revenue was mainly due to: (i) the significant surge in the performance of Kabrita overseas; and (ii) growth in sales of goat cheese as a result of the acquisition of in Amalthea in October 2024.



### Own-branded Goat Milk Formulas

For the Year 2025, sales of the Group's own-branded goat milk formulas amounted to RMB3,553.7 million, representing a YoY decrease of RMB145.5 million, or 3.9% and accounted for 47.4% of the Group's total revenue (Year 2024: 49.9%). The Group's own-branded goat milk formulas are mostly produced in the Netherlands and marketed globally.

Sales of the Group's own-branded goat milk formulas for the Year 2025 from:

- a) overseas (including Europe, the US, the Middle East, the CIS, Mexico, South Korea, Vietnam, etc.) amounted to RMB974.3 million (Year 2024: RMB646.6 million), representing an increase of 50.7%, which was mainly driven by strong momentum in the Middle East, North America, the CIS, and other expanding markets. This growth was driven by Kabrita's continued outperformance in innovative product categories closely aligned with evolving consumer preferences, most notably in "being easy-to-absorb", as well as significant progress in omni-channel expansion and brand building to maintain its leadership in global markets.
- b) the PRC had a YoY decrease of 15.5%, which was mainly due to a short-term and one off proactive adjustments in its distribution channel in the second half year of 2025, with the aims to optimising sales channel by implementing in-can code and reducing the channel off-code inventory of IMF products to maintain the freshness and quality of products on the shelves to ensure long-term healthy development of Kabrita in PRC.

### Own-branded cow milk formulas

For the Year 2025, the Group's revenue derived from its own-branded cow milk formulas amounted to RMB1,767.1 million, representing a YoY decrease of RMB339.5 million or 16.1% and accounted for the Group's total revenue of 23.6% (Year 2024: 28.5%). The decrease was mainly resulted from (i) the overall slowdown being faced by the entire IMF industry in the Chinese mainland; and (ii) implementing in-can code in the second quarter of 2025 along with a short-term and one off proactive adjustments in its distribution channel to fully clear off-code inventories and boost its competitive strength in terms of channel profit management, distributor co-operation and brand loyalty, the adjustments temporarily reduced the sales of the own-branded cow milk formulas in the short run, but it build competitive strength in the long run.

### Cheese, Private Label and Others

The Group has Cheese, Private Label and other businesses, including sales of goat cheese, other dairy related products such as milk, milk powder, cream and other milk derived ingredients such as whey protein powder. The Group acquired the remaining 50% interest in Amalthea Group on October 2024 and it turn into a wholly-owned subsidiary of Group, further enriching the product portfolio in oversea markets and meeting diversified consumer demands, leading to approximately RMB822.8 million of increase in revenue related to goat cheese business, the private label and other revenue contributed by these businesses remained comparable with the prior period.

### Nutrition business

During the Year 2025, revenue derived from the nutrition products amounted to RMB320.4 million, representing a YoY increase of RMB15.8 million, or 5.2%, mainly driven by continued promotion through omni-channels and ongoing products portfolio optimisation.



### Gross profit and gross profit margin

	Gross profit		Gross profit margin	
	2025 RMB'M	2024 RMB'M	2025 %	2024 %
Own-branded formula milk powder products:				
Cow milk	886.8	1,096.0	50.2	52.0
Goat milk	1,833.7	2,010.4	51.6	54.3
	2,720.5	3,106.4	51.1	53.5
Cheese, Private Label and others	87.0	(17.7)	4.7	(1.4)
Dairy and related products	2,807.5	3,088.7	39.2	43.5
Nutrition products	131.3	130.0	41.0	42.7
	2,938.8	3,218.7	39.2	43.5
Less: write-down of inventories to net realisable value	(45.6)	(110.8)		
Total	2,893.2	3,107.9	38.6	42.0

The Group's gross profit for the Year 2025 was RMB2,893.2 million, representing a YoY decrease of RMB214.7 million, or 6.9%. The decrease in the gross profit margin of the Group from 42.0% for the Year 2024 to 38.6% for the Year 2025 was primarily due to the aggregate effect of the (i) the newly consolidated goat cheese business from the second half year of 2024, with lower gross margin of 6.8% and a relatively high sales proportion approximately accounted for 13.4% of total revenue, led to a negative impacts on the Group's gross profit margin in current period; (ii) increase of production cost for the Group's IMF powder products mainly due to increased prices in raw materials and the high inflation in the Netherlands during the year; (iii) such decrease was partly compensated by the decrease in inventories provision due to the Group continually improving production planning and logistics lead times at upstream production facilities and better control the freshness and hence shelf life of its products since the prior year. Provision for inventories arising from shelf life issue decreased accordingly.

### 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 25.7% (Year 2024: 28.1%) of the Group's revenue. The decrease in the selling and distribution expenses to revenue ratio was primarily due to a decrease in promotional activities expenses and thanks to continuing measures taken in China and overseas markets to improve the spending efficiency.

### Administrative expenses

Administrative expenses mainly comprised staff costs, travelling expenses, office expenses, auditor's remuneration, professional fees and depreciation. The increase in administrative expenses was mainly due to the increase in staff costs and professional fees.



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

	Notes	2025 RMB'M	2024 RMB'M
Other income			
Interest income	(i)	37.8	37.4
Government grants	(ii)	29.6	43.7
Rental income		13.5	9.8
		80.9	90.9
Other gains/(losses) – net			
Charitable donations	(iii)	(7.9)	(2.6)
Foreign exchange losses, net	(iv)	(18.0)	(6.0)
Restructuring costs		(7.3)	(7.9)
Others		(17.6)	(21.9)
		(50.8)	(38.4)
Total other income, other gains – net		30.1	52.5

## Notes:

- (i) The amount mainly represented the interest income derived from the bank deposits that were placed with banks in the PRC.
- (ii) The amount mainly represented subsidies received from the government in the Chinese mainland for the contribution made by Ausnutria Dairy (China) Co., Ltd. in the Hunan Province, the PRC.
- (iii) The amount was mainly for charitable activities.
- (iv) The amount represented net foreign currency exchange gains or losses arising from the foreign currency transactions, mainly between EUR, US\$ and RMB, and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency rates of exchange ruling at the end of the reporting period.

## Finance costs

The finance costs of the Group for the Year 2025 amounted to RMB45.0 million (Year 2024: RMB51.6 million), representing mainly the interests on bank loans and other borrowings for the financing of the upstream capital expenditures of the Group, particularly a new IMF base powder facility (the "New IFBP Facility") in the Netherlands.

The decrease in finance costs was mainly due to the lower interest rate of bank borrowing and the decrease weighted average bank borrowings balances compare with the prior period, As at 31 December 2025, approximately 100% (31 December 2024: 100%) of the Group's bank loans and borrowings are denominated in EUR.

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

The amount mainly represented share of profits of Farmel Holding B.V. and its subsidiaries (the "Farmel Group") of RMB45.9 million (Year 2024: share of losses of RMB22.3 million). 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.



### Income tax expenses

The effective income tax rate of the Group decreased from 20.9% for the Year 2024 to negative 11.5% for the Year 2025. The decrease in effective income tax rate by 32.4 percentage points was mainly due to recognised tax benefits relating to Energy Investment Allowance under Dutch as well as preferential tax regarding on reinvestment with dividends during the period.

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

The Group's profit attributable to the equity holders of the Company for the Year 2025 amounted to RMB177.5 million, representing a decrease of RMB58.5 million, or 24.8% when compared with the Year 2024.

The decrease was mainly attributable to the continuous intensive competition of the formula milk market in the PRC and the temporary impact of the implementation of in-can code product update which resulted in the decrease in sales and the gross profit.

### Analysis on Consolidated Statement of Financial Position

As at 31 December 2025, the total assets and net asset value of the Group amounted to RMB10,255.7 million (2024: RMB9,662.1 million) and RMB6,086.4 million (2024: RMB5,783.5 million), respectively.

The increase in total assets of the Group as at 31 December 2025 was mainly attributable to the net effect of:

- (i) the net increase in cash and cash equivalents, time deposits and long-term time deposits with original maturity over one year of a total of RMB207.8 million as a result of the cashflows generated from operating activities;
- (ii) the increase in inventories by RMB50.8 million as a result of the scale-up of the Group's operations; and
- (iii) the net increase of property, plant and equipment of RMB295.1 million, mainly arising from the additions and capitalisation of the building of the new IMF factory in the Netherlands as well as positively effected by the appreciation of EUR against RMB.

The increase in net assets of the Group as at 31 December 2025 was mainly a result of the net effect of the (i) net profit generated for the Year 2025 of RMB189.1 million (Year 2024: RMB247.2 million); (ii) appreciation of the EUR against RMB which contributed to an increase in exchange differences on translation of foreign operation of RMB229.9 million; and (iii) payment of final 2024 dividend of RMB97.2 million during the Year 2025.

### Working Capital Cycle

As at 31 December 2025, the current assets to current liabilities ratio of the Group was 1.00 times (2024: 1.21 times).

An analysis of key working capital cycle is as follows:

	2025 Number of days	2024 Number of days	Change Number of days
Inventories turnover days	155	171	(16)
Debtors' turnover days	34	32	2
Creditors' turnover days	43	45	(2)

The decrease in turnover days of the Group's inventories was mainly due to (i) accelerate the clearance of off-code IMF stocks; and (ii) 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

	2025 RMB'M	2024 RMB'M
Net cash flows from operating activities	372.4	299.4
Net cash flows used in investing activities	(721.4)	(899.2)
Net cash flows (used in)/from financing activities	23.5	(273.6)
Net decrease in cash and cash equivalents	(325.5)	(873.4)

#### Net cash flows from operating activities

The net cash flows from operating activities of the Group for the Year 2025 amounted to RMB372.4 million (Year 2024: net cash flows of RMB299.4 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 2025 of RMB721.4 million (Year 2024: RMB899.2 million) mainly represented the net effect of (i) the purchases of property, plant and equipment of RMB214.6 million (Year 2024: RMB347.3 million) mainly for the building of the New IFBP Facility and other related facilities in the Netherlands; and (ii) net procurement for time deposits with maturity more than 3 months of total RMB498.9 million.

#### Net cash flows from financing activities

The net cash flows from financing activities of the Group for the Year 2025 of RMB23.5 million (Year 2024: net cash flows of RMB273.6 million used in financing activities) was primarily attributed to the net effect of (i) dividends paid during the year of RMB97.2 million (Year 2024: RMB80.6 million); and (ii) the net proceeds of bank loans and other borrowings and lease payments of a total RMB130.8 million (Year 2024: net drawdown RMB172.1 million).

## MATERIAL INVESTMENTS AND ACQUISITIONS AND DISPOSALS

Save as disclosed elsewhere in this report, 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 2025) during the Year 2025 and there were no other material acquisitions or disposals of subsidiaries, joint ventures or associated companies during the Year 2025 and up to the date of this report.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as otherwise disclosed in this report, 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, LIQUIDITY AND PLEDGE OF ASSETS

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

	As at 31 December	
	2025 RMB'M	2024 RMB'M
Interest-bearing bank loans and borrowings	(2,508.7)	(2,137.7)
Lease liabilities	(111.2)	(114.7)
Less: Restricted cash <sup>(1)</sup>	1.9	9.3
Time deposits <sup>(2)</sup>	21.8	206.2
Long-term time deposits <sup>(2)</sup>	923.5	224.1
Cash and cash equivalents <sup>(2)</sup>	907.6	1,214.7
	(765.1)	(598.1)
Total assets	10,255.7	9,662.1
Shareholders' equity	6,026.7	5,721.6
Gearing ratio <sup>(3)</sup>	7.5%	6.2%
Solvency ratio <sup>(4)</sup>	58.8%	59.2%

Notes:

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

Currency	2025		2024	
	RMB'M	%	RMB'M	%
RMB	–	–	8.3	89.3
Others	1.9	100.0	1.0	10.7
Total	1.9	100.0	9.3	100.0

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

Currency	2025		2024	
	RMB'M	%	RMB'M	%
RMB	1,488.7	80.3	1,361.1	82.7
EUR	102.7	5.6	65.1	4.0
HK\$	11.6	0.6	37.1	2.3
US\$	182.0	9.8	123.8	7.5
Others	67.9	3.7	57.9	3.5
Total	1,852.9	100.0	1,645.0	100.0

(3) Calculated as a percentage of net bank loans and other 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 IFBP Facility 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 2025. As at 31 December 2025, the Group had outstanding borrowings of RMB2,508.7 million (31 December 2024: RMB2,137.7 million), all of which was due within one year (31 December 2024: same).

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

Currency	2025		2024	
	RMB'M	%	RMB'M	%
EUR	2,508.7	100.0	2,137.7	100.0
Total	2,508.7	100.0	2,137.7	100.0

## FOREIGN EXCHANGE RISK

The operations of the Group are mainly carried out in the PRC, the Netherlands and Australia. During the Year 2025, 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 loans of the Group are denominated in RMB and EUR, respectively. The Group is exposed to potential foreign exchange risk as a result of fluctuation of HK\$, EUR, US\$, AUD or TWD against RMB.

The Group adopts a hedging policy to actively manage its currency risk exposure concerning non-RMB denominated indebtedness. Depending on the market circumstances, trend of currency rates and the cost of hedging, the Group will consider and enter into a hedging arrangement to mitigate the impact of RMB fluctuation against other operating currencies if necessary.

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 interest-bearing bank loans and other borrowings with a floating interest rate. As at 31 December 2025, 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, prepayments, 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 2025, the Group had contracted, but not provided for, capital commitments mainly in respect of purchase of land and buildings, plant and machinery, intangible assets and acquisition of dairy related assets of a total of RMB62.6 million (2024: RMB111.4 million).



## CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities (2024: Nil).

## HUMAN RESOURCES

Number of full-time employees	The Chinese Mainland	Hong Kong	The Netherlands	Australia	Others	Total
31 December 2025	2,111	8	687	93	196	3,095
31 December 2024	2,345	8	676	87	172	3,288

As at 31 December 2025, the male to female ratio in the workforce of the Group including senior management was approximately 46:54 (2024: 47:53). The Group will continuously keep the right mix of people to work together and the gender diversity at all levels of the Group for better collaboration.

For the Year 2025, total employee costs, including Directors' emoluments, amounted to RMB1,473.7 million (Year 2024: RMB1,366.0 million). The Group determined the remuneration packages of all employees with reference to individual performance and current market salary scale.

The Group provides a defined contribution mandatory provident fund for retirement benefits of its employees in Hong Kong and various plans in either defined benefit or defined contribution arrangements for the retirement benefits of its employees in the Netherlands and Australia. The Group also provides various welfare schemes as required by the applicable local laws and regulations to its employees in the PRC and other countries.



The Directors are pleased to present the corporate governance report (the “CG Report”) for the Year 2025.

## 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (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.

In the opinion of the Board, the Company has complied with the respective code provisions of the CG Code during the Year 2025. 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.

## 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 2025 and up to the date of this report.

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 (the “SFO”). 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.

## THE BOARD

### Board Composition

The Board currently comprises nine members, including three executive Directors (the “EDs”), three non-executive Directors (the “NEDs”) and three independent non-executive Directors (the “INEDs”). Save for Mr. Han Shixiu, Ms. Yan Junrong and Mr. Zou Ying who are working in Yili Industrial, a substantial Shareholder, the Board members have no financial, business, family or other material/relevant relationships with each other. The Board’s composition is formed to be well balanced to ensure that strong independence exists across the Board, with diversity in skills, expertise, experience and qualifications concerning the Directors. The biographies of the Directors, including the relationship between the members, if any, are set out in the section headed “Management Profiles” on pages 58 to 60 of this report.



The Board is dedicated to making decisions objectively in the best interests of the Group. Each Director has a wide spectrum of valuable business experience, knowledge and professionalism, which enables the Board to be efficient and effective.

For the Year 2025 and up to the date of this report, the Board comprises the following members and each of their roles are as follows:

Director	Board Committee		
	Audit Committee	Nomination Committee	Remuneration Committee
<i>Executive Directors:</i>			
Mr. Ren Zhijian (Chief Executive Officer)	/	/	Member
Mr. Bartle van der Meer	/	/	/
Mr. Zhang Zhi	/	/	/
<i>Non-executive Directors:</i>			
Mr. Han Shixiu (Chairman)	/	Chairman	Member
Ms. Yan Junrong	/	/	/
Mr. Zou Ying	/	Member	/
<i>Independent Non-executive Directors:</i>			
Mr. Ma Ji	Chairman	Member	Member
Mr. Chen Fuquan	Member	Member	Chairman
Mr. Aidan Maurice Coleman	Member	Member	Member

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

During the Year 2025, the Board at all times met the requirements of the Listing Rules of appointing at least three INEDs representing one-third of the Board pursuant Rule 3.10A of the Listing Rules with at least one INED possessing appropriate professional qualifications or accounting or related financial management expertise pursuant to Rule 3.10(2) of the Listing Rules.

### Executive Directors

All the EDs have entered into service agreements with the Company for a term of 3 years and are subject to retirement by rotation and re-election at the annual general meeting of the Company (the "AGM") in accordance with the provisions of the articles of association of the Company (the "Articles of Association"). Their remunerations are determined with reference to each of their experience and contributions to the Group, the Group's performance and profitability, as well as the prevailing market conditions. An ED shall not vote on any Board's resolution regarding the amount of his/her remuneration and/or bonus (if any).

### Non-Executive Directors

The NEDs have the same duties of care and skill and fiduciary duties as the EDs. They are expressly identified as such in all corporate communications that disclose the names of the Directors.

The NEDs bring a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation at the Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on the Board committees, all NEDs make various contributions to the effective direction of the Company.

All the NEDs have entered into service agreements with the Company for a term of 2 years and are subject to retirement by rotation and eligible for re-election in accordance with the provisions of the Articles of Association.



### Independent Non-Executive Directors

The INEDs have the same duties of care and skill and fiduciary duties as the EDs. They are expressly identified as such in all corporate communications that disclose the names of the Directors.

The INEDs are experienced professionals with expertise in respective areas of the dairy industry and related technical know-how, accounting and finance. With their professional knowledge and experience, the INEDs advise the Company on its operation and management as well as provide independent opinions on the Company's connected transactions and the continuing connected transactions, and participate in various Board committees' meetings. The INEDs also provide adequate checks and balances to protect the interests of the Group and the Shareholders as a whole and to promote the development of the Group. Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has three INEDs of whom Mr. Ma Ji is a member of the Chinese Institute of Certified Public Accountants.

All the INEDs have entered into service agreements with the Company for a term of 2 years and are subject to retirement by rotation and eligible for re-election in accordance with the provisions of the Articles of Association.

Each INED is required to inform the Stock Exchange as soon as practicable if there is any change in his or her personal particulars that may affect his or her independence. No such notification was received during the Year 2025.

The Company has received annual confirmation of independence from each of the INEDs pursuant to Rule 3.13 of the Listing Rules and considers all INEDs are independent in accordance with the definition of the Listing Rules for the Year 2025. The chairman of the Board (the "Chairman") had a meeting with all the INEDs without the presence of other Directors in the Year 2025 pursuant to code provision C.2.7 of the CG Code.

### Chairman of the Board and Chief Executive Officer

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Chairman and the chief executive officer of the Company (the "CEO") are each held by two individuals to avoid concentrating power on one person. The Chairman is responsible for overseeing and leading the Board, making sure it works effectively, performs its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. The CEO is responsible for managing and executing the Group's overall business directions and corporate operation decisions.

During the Year 2025, the Company segregated the duties of the Chairman and the CEO. Mr. Han Shixiu is the Chairman and Mr. Ren Zhijian is the CEO.



### Directors' Liability Insurance

The Company has subscribed for appropriate and sufficient insurance coverage on directors' liabilities in respect of legal actions taken against the Directors arising out of corporate activities. The coverage and the sum insured under the policy are reviewed and renewed on an annual basis. The insurance coverage was renewed on 7 January 2026.

### Appointment, Re-election and Removal of Directors

The Company has established a formal and transparent procedure for the appointment of the Directors. The Company has adopted the procedures for the Shareholders to propose a person for election as a Director which are available and accessible on the Company's website under the section of "Governance" at [www.ausnutria.com.hk](http://www.ausnutria.com.hk).

Article 84 of the Articles of Association provides that all Directors, including the Chairman, are subject to retirement from office at least once every 3 years at each AGM and shall be eligible for re-election. Under Article 83 of the Articles of Association, the office of a Director is liable to be vacated in certain circumstances and the Company may remove any Director by an ordinary resolution at a general meeting as prescribed in Article 83 of the Articles of Association.

The procedures and process of appointment, re-election and removal of the Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board's composition, developing and formulating the relevant procedures for nomination and appointment of the Directors, monitoring the appointment and succession planning of the Directors and assessing the independence of the INEDs.

### Induction and Continuous Professional Development

All Directors keep abreast of their responsibilities as a Director and of the conduct, business activities and development of the Company. Each newly appointed Director receives a comprehensive, formal and tailored induction on his/her first occasion of appointment to ensure his/her understanding of the business, operations and corporate governance structure of the Company, awareness of a Director's responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. To facilitate the Directors to discharge their responsibilities, the Directors are updated from time to time on the latest legislative and regulatory developments to ensure that they are fully aware of their responsibilities under the Listing Rules as well as the applicable legal and regulatory requirements in the industry. All Directors are encouraged to attend relevant training courses at the expense of the Company.

Based on the training records as provided to the Company by the Directors, the Directors have participated in the following training during the Year 2025:

	Types of training
<i>Executive Directors:</i>	
Mr. Ren Zhijian	A, B
Mr. Bartle van der Meer	A, B
Mr. Zhang Zhi	A, B
<i>Non-executive Directors:</i>	
Mr. Han Shixiu	A, B
Ms. Yan Junrong	A, B
Mr. Zou Ying	A, B
<i>Independent Non-executive Directors:</i>	
Mr. Ma Ji	A, B
Mr. Chen Fuquan	A, B
Mr. Aidan Maurice Coleman	A, B



Notes:

- A: training by Hong Kong lawyer relating to the Listing Rules and relevant laws and corresponding updates
- B: read newspapers, journals and updates relating to the Group's business and regulatory requirements, and materials relating to the Listing Rules and relevant laws

#### Board Responsibilities

The Board is responsible for leading, directing and supervising the Group's affairs to enable its long-term sustainability as well as setting strategic objectives focusing on value creation and risk management. The Board is also responsible for ensuring adequacy of resources, staff qualifications and experience, especially for the Group's accounting, internal audit and financial reporting function.

All the Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations and the interests of the Company and the Shareholders at all times. In order to ensure that their duties can be properly discharged, the Directors are entitled to seek advice from independent professional advisers whenever deemed necessary by them at the expense of the Company.

The Directors shall disclose to the Company details of other offices they held and the Board regularly reviews each of the Directors' required contribution to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

#### Board Independence Mechanism

During the Year 2025, the Board reviewed the implementation and effectiveness of the mechanisms in place to ensure that independent views and opinions are available to the Directors. Having considered the following aspects, the Board considered that the Company maintained an effective mechanism to ensure a potent and sufficient element of independence in the Board:

- there are three INEDs in the Board (representing one-third of the Board), all of whom continued to devote sufficient time to the Company; other Board committees are also comprised of a sufficient number of INEDs to ensure that independent views are available to each Board committee;
- the Board reviews its structure, size and composition (including skills, knowledge, experience, gender balance and length of tenure) and the implementation and effectiveness of the diversity policy at least annually to maintain a balanced Director composition in the Board;
- the Nomination Committee assesses the independence of all INEDs annually in accordance with the independence standards set out in the Listing Rules to ensure that they are always able to exercise independent judgment;
- all Directors (including the INEDs) have equal opportunities and multiple channels to convey and express their independent views and input to the Board and Board committees;
- all Directors (including the INEDs) may request further data and documentation from the management of the Company on matters discussed at Board meetings;
- all Directors may seek assistance from the company secretary of the Company (the "Company Secretary") and seek external independent professional advice at the Company's expense;
- all Directors (including the INEDs) shall not vote on any Board resolution approving any contract or arrangement in which he/she or any of his/her associates has a material interest nor shall he/she be counted in the quorum of the meeting; and
- the Chairman at least annually holds meetings with the INEDs without the presence of other Directors to discuss matters and address concerns.



### Board's Responsibilities for Financial Reporting in respect of Financial Statements

The Board acknowledges its responsibility for preparing consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group and its results and cash flows for the relevant financial period. In preparing the consolidated financial statements for the Year 2025, the Board ensured that (i) the consolidated financial statements have been prepared in accordance with statutory requirements and applicable accounting standards, and they have been applied consistently; (ii) judgments and estimates made are prudent, fair and reasonable; and (iii) the consolidated financial statements are prepared on a going concern basis. The Board is also responsible for the timely publication of the consolidated financial statements of the Group.

The Directors confirm that, having made all reasonable enquiries, to the best of their knowledge, information and belief, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement made by PricewaterhouseCoopers, the independent auditors of the Company, about their reporting responsibilities is set out in the section headed "Independent Auditor's Report" of this report.

### Board's Corporate Governance Functions

The Board is responsible for determining the policy for corporate governance of the Company and performing the corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Company;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct applicable to the employees and Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the CG Report.

During the Year 2025, the Board has reviewed (i) the Company's corporate governance policies and practices; (ii) the training and continuous professional development of the Directors and senior management; and (iii) the Company's policies and practices on compliance with legal and regulatory requirements.

### Board and Board Committee meetings

The Board meets regularly, no less than four times a year pursuant to code provision C.5.1 of the CG Code, to discuss the overall strategy as well as the operation and financial performance of the Group. The Directors may participate either in person or through electronic means of communications. The schedule for the regular meetings of the Board and the Board committees was prepared and approved by the Board at the end of the previous year or beginning of the year. Formal notices were sent to the Directors at least 14 days before the respective regular meetings shall be held officially.

All Directors are provided with appropriate, complete and reliable materials for their review at least 3 days prior to respective meetings. The agenda for each meeting is prepared and circulated after sufficient consultation with the Board/Board committee members and approved by the respective chairmen. The Company Secretary is responsible for circulating the papers of the meetings of the Board and the Board committees, and relevant information to the Directors. The Directors have separate and independent access to the Company Secretary and the senior management of the Company at all times and may seek independent professional advice at the expense of the Company. Where queries are raised by the Directors, steps would be taken to respond as promptly and fully as possible. All Directors have the opportunity to include matters in the agenda for the meetings of the Board and the Board committees.



Full minutes of the Board and the Board committee meetings are kept by the Company Secretary and are open for inspection by any Director. Draft and final versions of minutes were sent to all Directors for their comments and records respectively within a reasonable time after the meeting.

## BOARD COMMITTEES

The Board has established three Board committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee. Each Board committee is governed by specific terms of reference approved by the Board, covering its functions, duties and powers.

### 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 is chaired by Mr. Ma Ji, who is a member of the Chinese Institute of Certified Public Accountants pursuant to Rule 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to monitor the integrity of the Company's financial statements, annual and interim reports, account, risk management and internal control as well as maintain an appropriate relationship with the Company's external auditors; give material advice in respect of financial reporting, internal control and risk management systems and the effectiveness of internal audit function of the Company; make recommendations to the Board on the appointment and removal of external auditors; and review arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee is also responsible for ensuring the internal audit function is staffed by employees with appropriate qualifications, experience, integrity and independence of mind, has appropriate standing within the Company, and reviewing and monitoring its effectiveness. The written terms of reference of the Audit Committee, which are in line with the code provisions of the CG Code, had been posted on both the websites of the Company and the Stock Exchange and are available to the Shareholders upon request.

During the Year 2025, the Audit Committee had reviewed the Company's interim results for the six months ended 30 June 2025, the annual results for the Year 2025, the risk management and internal control systems of the Group, the effectiveness of the Company's internal audit function as well as considered and discussed with the external auditors regarding their re-appointment and independence. During the reporting period, the Audit Committee also met with the external auditors for at least two times. All issues raised by the external auditors and the Audit Committee had been addressed by the Board. Other than those disclosed in the section "Delay of the 2024 Annual Results and Status of Self Review", no issues brought to the attention of the Board were of sufficient significance for disclosure in this report.

Full minutes of the Audit Committee meetings are kept by the Company Secretary and are open for inspection by any committee members. Draft and final versions of minutes were sent to all members of the Audit Committee for their comments and records respectively within a reasonable time after the meeting.



### Nomination Committee

As at the end of the reporting period, the Nomination Committee comprised five members, two NEDs (Mr. Han Shixiu and Mr. Zou Ying) and all three INEDs (Mr. Ma Ji, Mr. Chen Fuquan and Mr. Aidan Maurice Coleman). The Nomination Committee is chaired by Mr. Han Shixiu.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, the nomination procedures and process, diversity policy and independence mechanism of the Board and the Nomination Committee on a regular basis; recommend to the Board suitable candidates for directorship after considering the nominees' independence and quality in order to ensure the fairness and transparency of all nominations; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors if necessary. In the selection process of a candidate to act as a Director, the Nomination Committee makes reference to criteria including but not limited to, reputation for integrity, accomplishment and experience in the industry, professional and educational background, and commitment in respect of available time and assesses the independence of the INEDs. The written terms of reference of the Nomination Committee, which are in line with the code provisions of the CG Code, had been posted on both the websites of the Company and the Stock Exchange, and are available to the Shareholders upon request.

### Nomination procedures and process

#### (i) *Appointment by the Board*

The Nomination Committee has been delegated authority to identify and recommend potential candidates to the Board on the selection of individuals nominated for directorship through different means, including recommendations from existing Directors or any other means that it deems appropriate.

Once a candidate has been identified, the Nomination Committee, will request the candidate to provide his/her biographical information and other additional information and documents deemed necessary, including but not limited to (i) information on his/her interests in the securities of the Company (if any); (ii) his/her consent to act as a Director and disclosure of information relating to his/her proposed appointment; and (iii) for an INED candidate, his/her declaration of independence in accordance with the criteria under the Listing Rules.

The Nomination Committee will review and take reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The Nomination Committee may, at its discretion, invite the candidate to meet with the Nomination Committee members in order to assist them in their consideration of the proposed nomination or recommendation. The Nomination Committee will then make recommendations for the Board's consideration and approval.

#### (ii) *Appointment by the Shareholders at a general meeting*

For the procedures of shareholders' nomination of any proposed candidate for election as a Director, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director", which is available on the Company's website.

#### (iii) *Re-appointment at a general meeting*

The Nomination Committee will review the profile of the existing Directors who have offered themselves for re-appointment to consider their suitability in the light of the Group's corporate strategy, the structure, size and composition of the Board at that time. The Nomination Committee will then make recommendations for the Board's consideration and the Board will, at its discretion, make recommendations to the Shareholders.



### Board Diversity Policy

The Board has adopted a board diversity policy which recognises and embraces the benefits of having a diverse and inclusive Board, and agrees to increase diversity at Board level continuously, in order to achieve and maintain good corporate governance, sustainable development and competitive advantage. Board diversity has been considered from a range of diverse perspectives, including but not limited to gender, age, ethnicity, educational background, professional expertise, industry experience, management function and length of service. These aspects will be considered in determining the optimum composition of the Board and should be balanced appropriately when possible and necessary. The Board believes a diversified board promotes board effectiveness and enables better decisions to be made due to the lessened risk of groupthink. The Nomination Committee will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

The Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including the structure, size and composition of the Board, gender diversity on the Board, how and when gender diversity will be achieved in respect of the Board and the numerical targets and timelines set for achieving gender diversity on the Board. The Nomination Committee will identify and make recommendations in relation to the aforesaid to the Board for adoption and consideration to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile.

As at the end of the reporting period, the Board consists of one female Director and eight male Directors. The Board considers that the gender diversity in respect of the Board with reference to the Group's business needs is satisfactory. The Board targets to maintain at least the current level of female representation. In considering the Board's succession, the Nomination Committee will search from, including but not limited to, different professional firms, legal, accounting, directorship bodies or through independent professional search firms to help identify potential candidates, as and when necessary. The Board will continue increasing the proportion of female members over time as and when suitable candidates are identified.

During the Year 2025, the Board and the Nomination Committee reviewed the implementation and effectiveness of the Board diversity policy, the Board independence mechanism, the procedure for the selection, appointment and reappointment of Directors, the structure, size and composition of the Board, the independence of the INEDs and considered the qualifications of the retiring Directors standing for re-election at the AGM on an annual basis.

Full minutes of the Nomination Committee meetings are kept by the Company Secretary and are open for inspection by any committee members. The draft and final versions were sent to all members of the Nomination Committee for their comments and records respectively within a reasonable time after the meeting.

As at 31 December 2025, the male to female ratio in the workforce of the Group including senior management is approximately 46:54 (2024: 47:53). Going forward, the Company will continue to work towards enhancing the gender diversity of the Board and the Group's employees and when recruiting staff at mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board. The current gender diversity of the workforce was appropriate, taking into account the business models and operational needs of the Group.

### Remuneration Committee

As at the end of the reporting period, the Remuneration Committee comprised five members, an ED (Mr. Ren Zhijian), a NED (Mr. Han Shixiu) and all three INEDs (Mr. Ma Ji, Mr. Chen Fuquan and Mr. Aidan Maurice Coleman). The Remuneration Committee is chaired by Mr. Chen Fuquan.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review performance-based remuneration and ensure none of the Directors determines their own remuneration. The written terms of reference of the Remuneration Committee, which are in line with the code provisions of the CG Code, had been posted on both the websites of the Company and the Stock Exchange and are available to the Shareholders upon request.

During the Year 2025, the Remuneration Committee reviewed the remuneration policy and structure of the Company, the share option plan, the remuneration packages as well as the annual bonuses of the Directors and the senior management (if any) and assessed the performance of the EDs.

Full minutes of the Remuneration Committee meetings are kept by the Company Secretary and are open for inspection by any committee members. Draft and final versions of minutes were sent to all members of the Remuneration Committee for their comments and records respectively within a reasonable time after the meeting.



**Attendance of the Directors at various Board meetings, Board committee meetings and general meeting during the Year 2025:**

	Board meetings	Audit Committee meetings	Nomination Committee meeting	Remuneration Committee meeting	Year 2024 AGM
<i>Executive Directors:</i>					
Mr. Ren Zhijian	6/6	N/A	N/A	1/1	1/1
Mr. Bartle van der Meer	6/6	N/A	N/A	N/A	1/1
Mr. Zhang Zhi	6/6	N/A	N/A	N/A	1/1
<i>Non-executive Directors:</i>					
Mr. Han Shixiu <sup>(1)</sup>	6/6	N/A	1/1	1/1	1/1
Ms. Yan Junrong	6/6	N/A	N/A	N/A	1/1
Mr. Zou Ying	6/6	N/A	1/1	N/A	1/1
<i>Independent Non-executive Directors:</i>					
Mr. Ma Ji <sup>(2)</sup>	5/6	5/5	0/1	0/1	1/1
Mr. Chen Fuquan <sup>(3)</sup>	6/6	5/5	1/1	1/1	1/1
Mr. Aidan Maurice Coleman	5/6	5/5	1/1	1/1	1/1

Notes:

- (1) The chairman of the Board and the Nomination Committee.
- (2) The chairman of the Audit Committee.
- (3) The chairman of the Remuneration Committee.

**Delegation by the Board**

The Board reserves for its decision for all major matters of the Group, including but not limited to, monitor and approval of material transactions, reviews and approval of annual business plan and financial budget, matters involving a conflict of interest for a substantial Shareholder or Director, approval of the quarterly, interim and annual results, sustainability report and other disclosures to the public or regulators.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, to ensure that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon requesting the Board.

The Board delegated various responsibilities to the Board committees and other committees the responsibility for overseeing particular aspects of the affairs of the Group. The Board committees should report to the Board on the decisions or recommendations they made.

The Board has delegated to the CEO and the senior management of the Group the authority and responsibility for the day-to-day management and operation of the Group and has the full support of them for discharge of their responsibilities. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the CEO and the senior management of the Group.



### Remuneration of Directors and Senior Management

The remuneration of Directors and the senior management by band for the Year 2025 is set out below:

Remuneration bands (HK\$)	Number of persons
0-1,000,000	10
1,000,001-1,500,000	–
1,500,001-2,000,000	3
2,000,001-2,500,000	1
2,500,001-3,000,000	–
3,000,001-3,500,000	–
3,500,001-4,000,000	1
	15

Further particulars regarding Directors' and chief executive's remuneration and the five highest paid individuals as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 9 to the consolidated financial statements.

### COMPANY SECRETARY

Ms. Cheung Ka Lai ("Ms. Cheung") has been appointed as the Company Secretary on 25 September 2024. Ms. Cheung joined the Group since January 2010. She holds a bachelor's degree in business administration from Coventry University, United Kingdom and a master's degree in Corporate Governance from The Hong Kong Polytechnic University. Ms. Cheung is a Chartered Secretary, a Chartered Governance Professional, a holder of the Practitioner's Endorsement issued by The Hong Kong Chartered Governance Institute (HKCGI) and an associate of both HKCGI and The Chartered Governance Institute (CGI) in the United Kingdom since 2017. Ms. Cheung has over 15 years of experience in management, corporate governance and company secretarial practice.

The Company Secretary is accountable to the Board for ensuring that the Board procedures are followed and the Company complies with the Listing Rules and the relevant laws and regulations. The Company Secretary assists the Board in implementing and strengthening corporate governance practices and processes of the Company. All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters.

For the Year 2025, Ms. Cheung has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

### AUDITOR'S REMUNERATION

An analysis of the remuneration paid/payable to the Company's external auditors in respect of audit and non-audit services for the Year 2025 is set out below:

#### PricewaterhouseCoopers

Type of Services	RMB'000
Audit services	14,643
Other assurance services	–
Subtotal	14,643
Non-audit services*	60
Total	14,703

\* Represented mainly tax consultancy services.



## DELAY OF THE 2024 ANNUAL RESULTS AND STATUS OF SELF REVIEW

### Background

In view of the short delay in publication of the Year 2024 annual results announcement (the "2024 Annual Results") (the "Short Delay"), the Board conducted a self-review to assess the circumstances and root causes leading to the Short Delay and has been implementing measures/improvements to avoid re-occurrence of similar events in the future.

### Scope of the self-review

The self-review has been completed and the scope of the self-review is as follows:

- assess the circumstances and root causes leading to the failure to publish the 2024 Annual Results within the prescribed timeframe under the Listing Rules;
- review the correspondences between the audit team and the Company during the Year 2024 annual audit process;
- identify improvement in the IT systems (if any); and
- provide suggestion of measures to be implemented to avoid re-occurrence of similar event in the future.

Given that (i) no material audit matter has been identified relating to the Short Delay at the material time; (ii) it was a short delay in publication of the 2024 Annual Results (seven business days); and (iii) the auditors issued an unqualified audit opinion for the 2024 Annual Results, the Board (including members of the Audit Committee) is of the view that the forementioned scope of the self-review is sufficient and adequate for this particular incident.

### Results of the self-review and proposed measures to avoid re-occurrence

Based on the results of the self-review, the root cause of the Short Delay and the proposed measures to avoid re-occurrence of similar events in the future (including implementation status) are as follows:



	Proposed Measures	Status of implementation
<b>Root Cause</b>		
<p>The Short Delay was primarily caused by temporary manpower challenges within the Group’s principal subsidiaries in the Netherlands. These challenges adversely affected the timely preparation and provision of documents and information requested by the auditors, thereby delaying the audit progress.</p> <p>The temporary manpower shortage was mainly attributable to (i) the resignation of 2 out of the 3 key financial personnels in the finance department during the year ended 31 December 2024 and the resulting vacancies were only filled (i.e. back to full team size of 3 working staff) in late 2024, as labour with requisite skills and experience was not readily available in the Netherlands which made it difficult for the Group to identify suitable replacement; (ii) as the new staff were only appointed in late 2024, additional time was required for them to familiarise themselves with the Group’s accounting systems, the internal processes and procedures and to deal with the relevant audit requests; and (iii) a surge of influenza cases in the Netherlands during the annual audit period, which adversely affected manpower in the Group’s subsidiaries in the Netherlands.</p>	<p>Urgent staffing reinforcement with prioritising recruitment in 2025 to ensure sufficient staff to assist necessary annual audit related work.</p>	<p>For the finance department of the Group in the Netherlands, the Company has successfully appointed additional staffs and the number of working staff in the group control team (who are the key personnels responsible for the financial reporting function) has doubled, from 3 full time employees as at 31 December 2024 to 6 full time employees as at 31 December 2025. The Group will continue to strengthen its focus on ongoing capability building and professional development.</p> <p>The Group will also continue to conduct periodic training sessions for its working staff in the finance department to further enhance their financial reporting skills and experience to assist with necessary annual audit related work.</p>



	Proposed Measures	Status of implementation
<b>Other findings</b>		
Certain financial reporting related work during the audit work period requires processing a significant volume of files and data.	Implementation of system updates and system integration to reduce unnecessary manual workload and reduce reliance on manual procedures to increase overall consolidation efficiency during annual audit period.	<p>The Company has completed standardising all ERP systems in the Netherlands into using the same system, enabling automated reconciliation, reducing manual workload and increasing the overall data quality and precision, which has been successfully implemented as at the date of this report.</p> <p>The Company has also finished upgrading its consolidated reporting system to improve the overall efficiency and reduce manual workload.</p> <p>The Group will continue to explore further enhancement to optimise system utilisation and progressively reduce manual workload. Ongoing efforts will focus on expanding business applications and improving user experience to maximise the system value and increase overall data quality and precision as and when necessary.</p> <p>Given that (i) the aforementioned system was upgraded in stages; (ii) the relevant data and information in the existing systems have been backed up; and (iii) the existing systems are available in parallel, the aforementioned system updates and integration did not affect the schedule of the annual audit procedure for the Year 2025.</p>

#### Views of the Board and the Audit Committee

Given that (i) the results of the self-review indicated that the Short Delay was mainly caused by short term manpower challenges in the Netherlands region, which could be resolved by expediting staff recruitment and reducing excessive manual workloads as suggested in the above proposed measures; (ii) the self-review did not identify any other significant matters that may lead to re-occurrence of similar event; and (iii) the proposed measures from the self-review as depicted above, once implemented, will minimise the risk of staff shortage in the future and improve the efficiency during the annual audit period such that the Group will have additional resources to more timely and efficiently prepare and provide the relevant documents and information (such as financial reporting packages) as requested by the auditors of the Company in the Netherlands regions, the Board (including members of the Audit Committee) is of the view that the Short Delay is a one-off event and the proposed measures are appropriate, effective and adequate to address this particular incident and avoid re-occurrence of similar events in the future.



## RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Management and Internal Control Framework

The Group has established a risk management and internal control (“RMIC”) framework and procedures to proactively manage risks. The approach used is partly based on both COSO ERM and ISO 31000 and specifically tailored for use within the Group. The Group adopted the “Three Lines” model to address how specific duties related to risk and control should be assigned and coordinated within the Group. The RMIC systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The main features of the RMIC systems are to provide a clear governance structure, policies and procedures, as well as a reporting mechanism to facilitate the Group to manage its risks across business operations.

### Risk Management Approach

Each department or division is responsible for identifying and assessing principal risks within its department or division that may potentially impact the business of the Group, among others, operating activities, the reliability of its financial reports and its compliance with laws and regulations on a regular basis and establishing mitigation plans to manage the risks identified. The assessment result will be escalated to the respective local management and/or Audit Committee with risk mitigation proposals and the management is responsible for overseeing the Group’s RMIC activities, attending regular meetings with each department or division to ensure principal risks are properly managed, and new or changing risks are identified and documented. In addition to the regular internal control and risk assessment, the management also monitors and manages designated outstanding risk(s) on an ongoing basis.

### Internal Control Systems

The Group has established an internal control system to monitor its internal control in accordance with the requirements of the Stock Exchange. Group-wide policies are also adopted to mitigate risks threatening the Group, such as anti-fraud, anti-corruption and whistleblowing procedures are in place to facilitate employees of the Company to raise and report concerns and issues about possible improprieties in financial reporting, internal control or other matters of the Company. External consultants will be appointed when appropriate, to review the Group’s internal control, workflows, and the management systems, and to make suggestions on system enhancement.

### Internal Audit

The Group has established an independent internal audit department at a very early stage of its establishment. The person in charge of the department is granted the liberty to communicate with the Audit Committee and directly report the progress of works, including but not limited to audit work planning, work results, important audit findings and rectification. The internal audit department is issue-oriented and risk-oriented, which reinforces the supervision and strengthens the functions of management through various works on audit. The internal audit department will also communicate with and support the external auditors if and when necessary.

Representatives of the internal audit department attend Audit Committee meetings and report their work at least twice a year. Resources such as the annual budget, staffing of the department and competence are guaranteed to be taken into consideration by the Audit Committee and necessary support for the internal audit department will be provided. This is to ensure that sufficient audit resources are allocated to the internal audit department for the effective fulfilment of annual work objectives and responsibilities.

### Handling and Dissemination of Inside Information

The Group has adopted a guideline, namely, the “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 SFO. This guideline sets out the procedure and internal control procedures to ensure timely disclosure of inside information of the Group and fulfilment of the Group’s continuous disclosure obligations and provides a general guideline and standards for the Company’s senior management, officers and relevant employees in dealing in the securities of the Company to ensure inside information is kept confidential until disclosures are made. During the Year 2025, no incident of non-compliance of the “Employees’ Code of Dealing the Securities of the Company” was noted by the Group.



### Assessing the Effectiveness of Risk Management and Internal Control System

The Board is responsible for the RMIC systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The review process comprises, among other things, meeting with senior management, internal audit department and external auditors, reviewing the relevant work reports and information of key performance indicators, the management's self-assessment on internal control as detailed above and discussing the major risks with the senior management of the Company. The Board, through the Audit Committee, has reviewed the effectiveness of the Group's RMIC systems on an annual basis covering the Year 2025, among others, the financial, operational and compliance controls. The Board considered the RMIC systems of the Group are effective and adequate. No other material deficiencies nor significant areas of concern that might affect the Shareholders were identified during the review. The Board has also reviewed the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has in place a Shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The Board recognises the importance of maintaining clear, timely and effective communication with the Shareholders, investors and potential investors. To the best belief of the Board, the Company has published all of its announcements on time in accordance with the Listing Rules. All such information is available for public access on the Company's website and the website of the Stock Exchange.

Besides, the Board maintains regular dialogues with institutional investors and analysts and participates in media interviews and specialist industry forums to keep the Shareholders and investors timely informed of the Group's strategy, operations, management and plans. The Directors and members of the various Board committees would attend and answer questions raised at the AGM, and significant issues will be put as separate proposed resolutions.

The Company encourages the Shareholders to attend AGMs and other general meetings to communicate their views and concerns to the Board directly to ensure a high level of accountability. The Directors acknowledge their responsibility for the timely holding of AGMs. The last Shareholders' meeting was the AGM held on 29 May 2025 at 22nd Floor, Block A, Building 1, Ausnutria Building, Suncity, Purui East Road, Yueliangdao Street, Wangcheng District, Changsha City, Hunan Province, the PRC for approval of, among other things, the audited consolidated financial statements and the Directors' Report and of the Auditors Report for the Year 2024, the general mandates to issue the Shares and repurchase Shares, the re-election of the retiring Directors, authorising the Board to fix the Directors' remuneration and emolument, the payment of a final dividend and the proposed amendments to the memorandum and articles of association of the Company. Particulars of the major items considered at the meeting are set out in the circular of the Company dated 29 April 2025. All proposed ordinary and special resolutions were passed by way of poll at the meeting.

The AGM for the Year 2025 will be held on 28 May 2026. The notice of AGM will be sent to the Shareholders at least 21 clear days before the AGM.

To promote effective communication, the Company maintains a website at [www.ausnutria.com.hk](http://www.ausnutria.com.hk) where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices, press release and other information are posted and available for public access. Investors may write directly to the Company or via email to [ir@ausnutria.com](mailto:ir@ausnutria.com) for any enquiries.

The Board has reviewed the implementation of shareholders' communication policy as detailed above and is satisfied that it has been effective for the Company to communicate with the Shareholders through available channels.



### Dividend Policy

According to the dividend policy of the Company (the “**Dividend Policy**”), the declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the Articles of Association. In accordance with the Articles of Association, the Company in general meeting may from time to time by ordinary resolution declare dividends in any currency to be paid to the Shareholders, but no dividend shall be declared in excess of the amount recommended by the Board. Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of the share premium account or any other fund or account which can be authorised for this purpose in accordance with relevant laws, rules and regulations.

Subject to compliance with applicable laws, rules, regulations and the Articles of Association, in deciding whether to propose any dividend payout, the Board will take into account, among other things, the financial results, the financial status, the capital sufficiency, the earnings, losses and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the current and future development plans of the Company.

The Board will review the Dividend Policy from time to time and reserves its right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy. There can be no assurance that dividends will be paid in any particular amount for any given period.

### Constitutional Documents

During the Year 2025, there had been no significant change in the Company’s constitutional documents.

### Shareholders’ Rights

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Stock Exchange and the Company after each general meeting.

### Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 58 of the Articles of Association, any one or more Shareholder(s) holding at the date of submission of the requisition not less than one-tenth of the paid-up capital of the Company, on a one vote per share basis, carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two months after the submission of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.



#### Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association for Shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

#### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company with the contact details set out below. The Company will not normally deal with verbal or anonymous enquiries.

#### Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Unit 16, 36/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong  
For the attention of the Board of Directors

Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company to facilitate timely and effective communication.



The Directors hereby present their report and the audited consolidated financial statements for the Year 2025.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company of the Group. The Group is principally engaged in

- (i) the dairy industry with activities ranging from R&D, raw milk collection, processing, production, packaging, marketing and distribution of IMF and other dairy products to customers in the PRC, the Netherlands, Australia, the Middle East and other overseas countries; and
- (ii) the R&D, production, marketing and distribution of nutrition products to customers principally located in the PRC and Australia.

There were no significant changes in the nature of the Group's principal activities during the Year 2025. Details of the principal activities of the Company's subsidiaries are set out in note 15 to the consolidated financial statements.

An analysis of the Group's performance for the Year 2025 by operating segment is set out in note 5 to the consolidated financial statements of this report.

## BUSINESS REVIEW

Discussion on the business and performance can be found throughout this report and the cross references are set out below. The business reviews form part of this directors' report.

Topics	Sections
A fair review of the business of the Group during the Year 2025 and the Group's future business development	Chairman's Statement (pages 8 to 9) Management Discussion and Analysis (pages 10 to 25)
A discussion of the principal risks and uncertainties facing the Group, measures undertaken to manage such risks and an analysis of the Group's performance using key performance indicators	Management Discussion and Analysis (pages 10 to 25)
The Company's key relationships with its employees	Chairman's Statement (pages 8 to 9) Directors' Report (pages 44 to 45)
The Company's key relationships with its customers and suppliers	Directors' Report (page 48)
A discussion on relationships with the Company's stakeholders	Corporate Governance Report (pages 26 to 43)

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and has provided guidelines to staff on compliance with laws and regulations. The Group's main operations are carried out by the Company's subsidiaries in the PRC, the Netherlands, Australia and the Middle East while the Company is listed in Hong Kong. During the Year 2025 and up to the date of this report, the Board was not aware of any non-compliance with the relevant laws and regulations that has a significant impact on the Group.



## SUSTAINABILITY POLICIES AND PERFORMANCE

Ausnutria maintains a long-term commitment to its sustainability vision by actively supporting the United Nations Sustainable Development Goals (SDGs), focusing on the three strategic pillars of "Better Life", "Better Nutrition" and "Better Environment", and embedding sustainability philosophy into its operational management system and across its value chain. The Group firmly believes that by reinforcing its long-term strategic commitment and sustainability governance capabilities, it can enhance its core competitiveness and create long-term value for shareholders and other stakeholders.

### Better Life: Fulfilling responsibility, giving back with care

"Respect and inclusion with grateful thanks" is one of the core values at Ausnutria. In the course of its business operations, the Group advances sustainability comprehensively through its continuous efforts in philanthropy, employee care and development, aiming to create a "Better Life" for all sectors of society. In 2025, Ausnutria continued to contribute to rural revitalisation, education support, national nutrition enhancement and natural disaster relief, with total cash and in-kind donations exceeding RMB7.86 million. Notably, it donated more than RMB2.36 million in funds and supplies, and held 120 "Kabrita · Pregnancy Without Worry" public welfare activities, which provide psychological support, jointly with the Hunan Provincial Women and Children Development Foundation in Hunan, Sichuan and Guangdong, supporting a pregnancy-friendly society. For the ninth consecutive year, the Ausnutria Foundation organised the Hyproca Tundra Rose Project in the Tibet Autonomous Region, providing over RMB15 million in cash and in-kind donations, directly training over 1,200 village doctors, and benefiting more than 7,500 families. Ausnutria also supports employee development through a people-oriented approach in building its employer brand and provides diverse growth opportunities. In the Netherlands, the Group uses the Ausnutria Academy (a learning management system) and the Dairy Academy e-learning platform to deliver systematic training courses covering raw material knowledge, production processes, and quality management. In China, the Group focused on advancing the Aohang Plan, an international talent development programme, and launching the Aoxing Plan for campus recruits in 2025, thereby providing strong support for the Group's long-term, steady business development.

### Better Nutrition: Quality improvement with innovation, product upgrades with technology

Adhering to its corporate vision of becoming the most trusted global provider of formula milk and nutrition health products, Ausnutria continues to expand its product portfolio, enhance product quality, and build its brands to meet consumers' pursuit of "Better Nutrition". In 2025, the Group launched over 48 innovative products in goat milk formula, cow milk formula and nutrition. It strengthened strategic cooperation with leading universities such as Jiangnan University and Northeast Agricultural University, establishing two major innovation platforms, and rolled out Phase I of the Ausnutria Global Integrated R&D Management PMP System to improve R&D management efficiency and collaboration. During the year, four new goat-milk-derived ingredients were introduced, with several achieving breakthroughs in global commercial applications. Two R&D projects received first- and grand-prize awards in industry competitions, highlighting the Group's technological leadership. The probiotic strain CP-9 received the Group's first FDA GRAS certification, providing strong support for its globalisation strategy. In 2025, the Group was recognised as a National Intellectual Property Model Enterprise and successfully renewed its National High-tech Enterprise accreditation, providing a solid foundation for its continued innovation-driven growth.

### Better Environment: Embedding green practices in production, safeguarding the future through actions

Ausnutria is committed to creating a "Better Environment" for future generations by improving water and energy efficiency, strengthening the management of gaseous and wastewater emissions, and reducing material use and waste, thereby continually mitigating the environmental impact of its production and operations and enhancing its overall environmental performance. During the reporting period, we launched a new five-year environmental target plan and made phased progress against the relevant indicators in 2025. Ausnutria's new Heerenveen factory in the Netherlands officially commenced operation with fully natural-gas-free production, marking an important step forward in the application of clean energy and low-carbon manufacturing. In addition, the Pallas plant received the 2025 Sustainable Project Award at the Industrial Heat & Power trade fair, highlighting the Group's leading practices in sustainable manufacturing.

In recognition of its strong performance in corporate operations and sustainability, the Group received several awards in 2025, including the Enterprise with Outstanding Contribution in Scientific and Technological Innovation, the Excellence in Talent Attraction Award, the First Prize of the Science and Technology Award, and an Innovative Public Welfare Communication Case honour. Looking ahead, the Group will further deepen collaboration with its partners to jointly advance shared sustainability goals. We are confident that ongoing efforts and collective progress will allow the Group to create longer-term and more lasting value for society.



## RESULTS AND DIVIDENDS

The Group's results for the Year 2025 and the Group's financial position at that date are set out in the consolidated financial statements on pages 67 to 73 of this report.

The Board is pleased to recommend the payment of a final dividend of HK\$0.05 (Year 2024: HK\$0.06) per Share for the Year 2025 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 28 May 2026, the proposed final dividend is expected to be paid on or around 25 June 2026. As at the date of this report, 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 Friday, 22 May 2026 to Thursday, 28 May 2026 (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 Thursday, 21 May 2026.

### (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, 4 June 2026 to Monday, 8 June 2026 (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, 3 June 2026.

## SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 164 of this report. This summary does not form part of the audited consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year 2025 are set out in note 16 to the consolidated financial statements.

## INVESTMENT PROPERTY

Details of movements in the investment property of the Group during the Year 2025 are set out in note 17 to the consolidated financial statements.

## BANK BORROWINGS

Details of the bank borrowings of the Group are set out in note 29 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the Year 2025 are set out in note 33 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to the Shareholders.



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

During the Year 2025, the Company repurchased 1,394,000 Shares on the Stock Exchange at a total consideration of HK\$2,674,790. 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 2025 are disclosed as below:

Month of Repurchase	Aggregate number of Shares repurchased	Repurchased Price		Total consideration paid HK\$
		Highest	Lowest	
		HK\$	HK\$	
January	118,000	1.89	1.84	220,190
April	674,000	1.96	1.91	1,309,920
May	602,000	1.95	1.85	1,144,680
Total	1,394,000			2,674,790

Notes:

- 118,000 Shares repurchased by the Company were cancelled on 31 March 2025 and 1,276,000 Shares repurchased by the Company were cancelled on 4 June 2025.
- The total consideration paid excluded expenses paid for the Share repurchase.

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 2025. As at 31 December 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

## RESERVES

Details of movements in the reserves of the Company and the Group during the Year 2025 are set out in note 40 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

## DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's retained profits amounted to RMB247,300,000 (2024: RMB159,250,000). As at 31 December 2025, the Company's share premium account available for distribution under certain conditions, amounted to RMB2,810,566,000 (2024: RMB2,911,426,000), of which RMB78,559,000 (2024: RMB98,594,000) has been proposed as a final dividend for the year.

## CHARITABLE CONTRIBUTIONS

During the Year 2025, the Group made charitable contributions totalling RMB7,863,000 (Year 2024: RMB2,632,000).



## MAJOR CUSTOMERS AND SUPPLIERS

The Group seeks to build, sustain and grow its customer relationships by promoting interactions with and among business partners and customers through different engagement programs and social platforms. The Group sustains a strong customer relationship by providing updated health and nutritional information, and collecting feedback through a variety of communication channels while protecting its customers' rights. This allows the Group to better capture feedback from customers, and for business partners and customers to have a better knowledge of the Group's dairy and nutritional products.

The Group works closely with its suppliers to build long-term partnerships that are mutually beneficial to all. The Group also establishes strategic alliances with suppliers to ensure that its sustainable standards are strictly adhered to throughout the entire value chain with rigorous and selective screening criteria and procedures to guarantee that it only collaborates with those who share the same values. The Group also supports its suppliers to adopt sustainable practices. Regarding this aim, the Group has established stringent supplier selection procedures to ensure only suppliers who share the same values with the Group are engaged. Regular performance monitoring and assessments are also in place to ensure compliance and to maintain a reliable and stable supply.

During the Year 2025, sales to the Group's five largest customers accounted for 15.8% (Year 2024: 11.3%) of the total sales for the year and sales to the largest customer included therein amounted to 5.0% (Year 2024: 4.3%). Purchases from the Group's five largest suppliers accounted for 22.9% (Year 2024: 24.0%) of the total purchases for the year and purchases from the largest supplier included therein amounted to 6.9% (Year 2024: 11.3%).

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers or the five largest suppliers.

## DIRECTORS

The Directors who were in the office during the Year 2025 and up to the date of this report were as follows:

### *Executive Directors:*

Mr. Ren Zhijian	(CEO)
Mr. Bartle van der Meer	
Mr. Zhang Zhi	

### *Non-executive Directors:*

Mr. Han Shixiu	(Chairman)
Ms. Yan Junrong	
Mr. Zou Ying	

### *Independent Non-executive Directors:*

Mr. Ma Ji
Mr. Chen Fuquan
Mr. Aidan Maurice Coleman

In accordance with Article 84 of the Articles of Association, Mr. Ren Zhijian, Mr. Bartle van der Meer and Mr. Ma Ji will retire by rotation at the conclusion of the forthcoming AGM and, being eligible, offer themselves for re-election. An ordinary resolution approving their re-elections will be proposed at the forthcoming AGM.

The Company has received annual confirmations of independence from each of the INEDs in accordance with Rule 3.13 of the Listing Rules for the Year 2025. The Company considers all of the INEDs to be independent.



## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Management Profiles" on pages 58 to 60 of this report.

## MANAGEMENT CONTRACTS

Save for the service contracts of the Directors, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the Year 2025.

## DIRECTORS' SERVICE CONTRACTS

Each of the EDs, NEDs and INEDs has entered into a service contract with the Company for a term of 3 years, 2 years and 2 years, respectively, which will continue thereafter unless otherwise terminated in accordance with the terms of the service contract.

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## REMUNERATION POLICY

The remuneration of the Directors is determined by the Board, as authorised by the Shareholders at general meeting, with reference to the recommendation by the Remuneration Committee after taking into consideration of the Directors' experience, duties, responsibilities, performance, time devoted to the Group, the results of the Group as well as the prevailing market conditions. Details of remuneration of the Directors during the Year 2025 are set out in note 9 to the consolidated financial statements.

Mr. Ren Zhijian and Mr. Zhang Zhi are not entitled to any directors' fee from serving as EDs but are still entitled to salaries and performance bonus as the CEO and the chief supply chain officer respectively. Furthermore, Mr. Han Shixiu, Ms. Yan Junrong and Mr. Zou Ying agreed that they will not receive any remuneration from the Company for serving as NEDs during the term of their appointments.

Saved as disclosed above, as at the date of this report, there was no arrangement with any Director under which he/she has waived or agreed to waive any remuneration and there were no remuneration paid by the Group to any of the Directors of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office. The remuneration of the senior management of the Group is recommended to the Board by the Remuneration Committee based on their merit, qualifications and competence.

The Company has adopted a share option scheme as an incentive to the Directors and employees of the Group, details of these are set out in the section headed "Share Option Scheme" of the Directors' Report.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for the transactions as disclosed in the section headed "Connected Transactions" and the related party transactions (which did not constitute as "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules) as disclosed in note 38 to the consolidated financial statements, (i) no transactions, arrangement or contracts of significance to which the Company or any of its subsidiaries was a party and in which any Director (or any entity connected with a Director) had a material interest, whether directly and indirectly, subsisted at the end of the Year 2025 or at any time during the Year 2025; and (ii) no contracts of significance (including contracts of significance for the provision of services) between the Company (or any of its subsidiaries) and any controlling Shareholder (or any of its subsidiaries) subsisted at the end of the Year 2025 or at any time during the Year 2025.



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Long positions in ordinary shares of the Company:–

Name of Director	Beneficial Owner	Number of Shares held, capacity and nature of interest			Approximate percentage of issued share capital <sup>(2)</sup>
		Interest of a controlled corporation	Total		
Mr. Bartle van der Meer	1,509,000	95,453,230 <sup>(1)</sup>	96,962,230	5.45%	

### Long positions in ordinary shares of associated corporations:–

Name of Director	Company/ Name of associated corporation	Capacity/ Nature of interest	Number of shares interested	Total	Approximate percentage of interest in such corporation <sup>(3)</sup>
Mr. Ren Zhijian	Yili Industrial	Beneficial owner	240,000	240,000	0.00%
Mr. Zhang Zhi	Yili Industrial	Beneficial owner	30,000	30,000	0.00%
Ms. Yan Junrong	Yili Industrial	Beneficial owner	629,400	629,400	0.01%
Mr. Zou Ying	Yili Industrial	Beneficial owner	132,800	132,800	0.00%

Notes:

- (1) The Shares are held by Dutch Dairy Investments HK Limited ("DDIHK"), which is in turn wholly-owned by Dutch Dairy Investments B.V. ("DDI"). DDI is wholly-owned by Fan Deming B.V., which is wholly-owned by Mr. Bartle van der Meer. Mr. Bartle van der Meer is therefore deemed to be interested in 95,453,230 Shares held by DDIHK and is interested in 96,962,230 Shares in aggregate under the SFO.
- (2) As at 31 December 2025, the total number of issued ordinary shares of the Company was 1,778,144,841.
- (3) As at 31 December 2025, the total number of issued A shares of Yili Industrial was 6,325,360,667.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations which were (a) required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares", at no time during the Year 2025 and up to the date of this report were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or any of their respective associates had any interest in a business which competed or was likely to compete with the business of the Group during the Year 2025 and up to the date of this report, which would require disclosure under Rule 8.10 of the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as was known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than the Directors and chief executive of the Company) had an interest or short position in the shares and underlying interests of 5% or more of the issued share capital of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

### Long position in the shares of the Company:

Name	Notes	Number of Shares	Nature of interest	Approximate percentage of issued share capital <sup>4</sup>
Inner Mongolia Yili Industrial Group Co, Ltd.	1	1,070,113,149	Interest of controlled corporation	60.18%
Center Laboratories, Inc.		146,918,271	Beneficial owner	8.26%
Dutch Dairy Investments HK Limited	2	95,453,230	Beneficial owner	5.37%
Dutch Dairy Investments B.V.	2	95,453,230	Interest of a controlled corporation	5.37%
Fan Deming BV	2	95,453,230	Interest of a controlled corporation	5.37%
Citagri Easter Ltd.	3	92,400,738	Beneficial owner	5.20%
Changsha Kunxin Xin' Ao Investment LP	3	92,400,738	Interest of controlled corporation	5.20%
Chengtong CITIC Agriculture Investment Fund	3	92,400,738	Interest of controlled corporation	5.20%
China Structural Reform Fund Co., Ltd* (中國國有企業結構調整基金股份有限公司)	3	92,400,738	Interest of controlled corporation	5.20%
Citagri Nutrition Investment Co., Limited	3	92,400,738	Interest of controlled corporation	5.20%



Name	Notes	Number of Shares	Nature of interest	Approximate percentage of issued share capital <sup>a</sup>
CITIC Agri Fund Management Co., Ltd.	3	92,400,738	Interest of controlled corporation	5.20%
CITIC Agriculture Technology Co., Ltd.	3	92,400,738	Interest of controlled corporation	5.20%
CITIC Limited	3	92,400,738	Interest of controlled corporation	5.20%
CITIC Group Corporation	3	92,400,738	Interest of controlled corporation	5.20%

## Notes:

1. Yili Industrial is beneficially interested in 1,070,113,149 Shares through its wholly-owned subsidiary, Hongkong Jingang Trade Holding Co, Limited.
2. DDIHK is wholly-owned by DDI. DDI is wholly-owned by Fan Deming B.V., which is in turn wholly-owned by Mr. Bartle van der Meer. Each of DDI, Fan Deming B.V. and Mr. Bartle van der Meer is therefore deemed to be interested in the Shares held by DDIHK under the SFO.
3. Citagri Easter Ltd. is owned as to approximately 53.14% by Changsha Kunxin Xin'Ao Investment LP\* (長沙鯤信信澳股權投資合夥企業 (有限合夥)) ("Kunxin Xin'Ao"), 30.40% by Easter Fund II LP and 16.46% by Easter Fund LP. Kunxin Xin'Ao is owned as to 91.17% by Chengtong CITIC Agriculture Investment Fund as a limited partner, which in turn is owned as to 34.69% by China Structural Reform Fund Co., Ltd.\* (中國國有企業結構調整基金股份有限公司) and owned as to 36.90% by CITIC Agriculture Technology Co. Ltd (中信農業科技股份有限公司). Citagri Nutrition Investment Co., Limited, the general partner of Easter Fund LP and Easter Fund II LP, is indirect wholly-owned subsidiary of CITIC Agri Fund Management Co., Ltd. CITIC Agri Fund Management Co., Ltd. is the general partner of Kunxin Xin'Ao and its largest shareholder is CITIC Agriculture Technology Co., Ltd., which owns 40.41% of the equity interest in CITIC Agri Fund Management Co., Ltd. CITIC Agriculture Technology Co., Ltd. is an indirect wholly-owned subsidiary of CITIC Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 267), and CITIC Limited is indirectly owned as to 58.13% by CITIC Group Corporation.
4. As at 31 December 2025, the total number of the issued Shares of the Company was 1,778,144,841.

\* For identification purposes only

Save as disclosed above, as at 31 December 2025, the Directors are not aware of any other person, other than the Directors, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares" above, who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.



## SHARE OPTION SCHEME

### Summary of Terms

A new share option scheme was conditionally approved and adopted by all Shareholders on 26 May 2022 (the "New Share Option Scheme") whereby the Board was authorised, at their discretion, to invite, among other eligible participants, employees of the Group (including proposed employees, whether full-time or part-time and including any EDs), NEDs (including INEDs), advisers and consultants, to take up options to subscribe for the Shares. The purpose of the New Share Option Scheme is to enable the Company to grant options to the selected participants as incentives or rewards for their contribution to the Group. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 of the Company at the subscription price as the Board may in its absolute discretion determine in accordance with the terms of the New Share Option Scheme. The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the New Share Option Scheme is approved (i.e. valid till 25 May 2032). In respect of any particular option, the period within which the option may be exercised by the grantee shall be a period to be determined by the Board at its discretion and notified by the Board to each grantee, and such period shall not be more than 10 years from the date on which such option is granted. Further details of the New Share Option Scheme are set out in the circular of the Company dated 22 April 2022.

The total number of the Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall not in aggregate exceed 10% of the total number of the Shares in issue as at the date of approval of the New Share Option Scheme (i.e. 180,854,584 Shares), which represents approximately 10.16% of the issued Shares as at 31 December 2025. As at 1 January 2025 and 31 December 2025, 180,854,584 options were available for grant under the New Share Option Scheme.

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon the exercise of the share options granted to each eligible person (including exercised, cancelled and outstanding share options) in any 12-month period shall not exceed 1% of the relevant class of securities of the Company in issue. The maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

As at 31 December 2025, no option had been granted or agreed to be granted under the New Share Option Scheme.

## CONNECTED TRANSACTIONS

### Connected Transactions and Continuing Connected Transactions

Details of the continuing connected transactions of the Company (the "CCTs") for the Year 2025 are set out as follows:

#### *Financial Services Framework Agreement*

On 29 August 2023, the Company entered into an agreement (the "Financial Services Framework Agreement") with Yili Finance Company Limited ("Yili Finance"). Pursuant to the Financial Services Framework Agreement, Yili Finance agreed to provide a range of financial services, namely the deposit services, the loan services, the settlement services and other financial services, to the Group for a term commencing from 29 August 2023 to 28 August 2026.

The maximum daily balance of deposits (including the interest accrued thereon) under the deposit services for the period from 29 August 2023 to 28 August 2026 shall not exceed RMB270.0 million.

The maximum daily balance of deposit (including the interest accrued thereon) under the deposit services for the Year 2025 did not exceed RMB270.0 million.



***2025 Processing Service Framework Agreement***

On 27 December 2024, the Company entered into an agreement (the "2025 Processing Service Framework Agreement") with Yili Industrial. Pursuant to the 2025 Processing Service Framework Agreement, the Group agreed to provide processing services in respect of the production of milk powder (other than infant formulas) and related products for Yili Industrial and its subsidiaries (the "Yili Industrial Group") from time to time during the terms of the 2025 Processing Service Framework Agreement. The duration of the 2025 Processing Service Framework Agreement started from 1 January 2025 to 31 December 2027.

The annual cap in respect of the transactions contemplated under the 2025 Processing Service Framework Agreement for each of the financial years ending 31 December 2025, 31 December 2026 and 31 December 2027 is RMB50 million, RMB60 million and RMB80 million, respectively. The actual transaction amount for the provision of processing services to the Yili Industrial Group under the 2025 Processing Service Framework Agreement for the Year 2025 was approximately RMB25.2 million.

***2025 Supply Framework Agreement***

On 27 December 2024, the Company entered into an agreement (the "2025 Supply Framework Agreement") with Yili Industrial. Pursuant to the 2025 Supply Framework Agreement, the Yili Industrial Group agreed to purchase the goat milk powder and related products including whole milk powder, skim milk powder, organic whole milk, whey protein concentrate, other milk powder ingredients and formula produced by the Group from time to time during the terms of the 2025 Supply Framework Agreement. The duration of the 2025 Supply Framework Agreement started from 1 January 2025 to 31 December 2027.

The annual cap in respect of the sale of goat milk powder and related products by the Group to the Yili Industrial Group under the 2025 Supply Framework Agreement for each of the financial years ending 31 December 2025, 31 December 2026 and 31 December 2027 is RMB140 million. The actual transaction amount for the sales of products to the Yili Industrial Group under the 2025 Supply Framework Agreement for the Year 2025 was approximately RMB67.2 million.

***2025 Procurement Framework Agreement***

On 27 December 2024, the Company entered into an agreement (the "2025 Procurement Framework Agreement") with Yili Industrial. Pursuant to the 2025 Procurement Framework Agreement, the Group agreed to purchase cow milk base powder and related ingredients and other products including whole cow milk powder, skim cow milk powder, cow lactoferrin and other related cow dairy ingredients produced by the Yili Industrial Group from time to time during the terms of the 2025 Procurement Framework Agreement. The duration of the 2025 Procurement Framework Agreement started from 1 January 2025 to 31 December 2027. On 27 August 2025, the Company and Yili Industrial entered into a supplemental agreement to the 2025 Procurement Framework Agreement to revise the existing annual caps under the 2025 Procurement Framework Agreement.

The annual cap in respect of the purchase of milk base powder and related ingredients by the Group from the Yili Industrial Group under the 2025 Procurement Framework Agreement for each of the financial years ending 31 December 2025, 31 December 2026 and 31 December 2027 is RMB80 million, RMB90 million and RMB120 million respectively. The actual transaction amount for the purchase of products from the Yili Industrial Group under the 2025 Procurement Framework Agreement for the Year 2025 was approximately RMB59.2 million.

***New Procurement Framework Agreement***

On 27 December 2024, the Company entered into an agreement (the "New Procurement Framework Agreement") with Yili Industrial for a term of three years commencing from 1 January 2025 to 31 December 2027 in relation to the purchase of goat milk base powder and related ingredients by the Group from the Yili Industrial Group from time to time during the terms of the New Procurement Framework Agreement.

The annual cap in respect of the transactions contemplated under the New Procurement Framework Agreement for each of the financial years ending 31 December 2025, 31 December 2026 and 31 December 2027 is RMB40 million, RMB50 million and RMB60 million, respectively. The actual transaction amount for the purchase of products from the Yili Industrial Group under the New Procurement Framework Agreement for the Year 2025 was approximately RMB10.6 million.



#### ***Manufacturing Service Framework Agreement***

On 27 December 2024, the Company entered into an agreement (the "Manufacturing Service Framework Agreement") with Yili Industrial for a term of three years commencing from 1 January 2025 to 31 December 2027 in relation to the provision of manufacturing services by the Yili Industrial Group to the Group from time to time during the terms of the Manufacturing Service Framework Agreement.

The annual cap in respect of the transactions contemplated under the Manufacturing Service Framework Agreement for each of the financial years ending 31 December 2025, 31 December 2026 and 31 December 2027 is RMB140 million. The actual transaction amount for the provision of manufacturing services by the Yili Industrial Group under the Manufacturing Service Framework Agreement for the Year 2025 was approximately RMB132.1 million.

#### ***Probiotics Supply Framework Agreement***

On 31 October 2025, the Company entered into an agreement (the "Probiotics Supply Framework Agreement") with Yili Industrial. Pursuant to the Probiotics Supply Framework Agreement, the Yili Industrial Group agreed to purchase the probiotics and related products from the Group from time to time during the terms of the Probiotics Supply Framework Agreement. The duration of Probiotics Supply Framework Agreement started from 31 October 2025 to 31 December 2027.

The annual cap in respect of the transactions contemplated under the Probiotics Supply Framework Agreement for each of the financial years ending 31 December 2025, 31 December 2026 and 31 December 2027 is RMB10 million, RMB40 million and RMB65 million, respectively. The actual transaction amount for purchase the probiotics and related products by the Yili Industrial Group under the Probiotics Supply Framework Agreement for the Year 2025 was approximately RMB9.6 million.

At the date of signing the above agreements, Yili Industrial is a controlling Shareholder and Yili Finance is a wholly-owned subsidiary of Yili Industrial. Accordingly, each of Yili Industrial and Yili Finance is a connected person of the Company under the Listing Rules and accordingly, the transactions contemplated under the above agreements constitute CCTs of the Company under the Listing Rules. Further details regarding the above transactions are set out in the announcements of the Company dated 29 August 2023, 27 December 2024, 27 August 2025, 31 October 2025 and 4 November 2025, respectively.

In accordance with Rule 14A.55 of the Listing Rules, the INEDs have reviewed the CCTs set out above and have confirmed that these CCTs were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

PricewaterhouseCoopers, the Company's auditors, were engaged to report on the CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the CCTs in accordance with Rule 14A.56 of the Listing Rules.

The auditors of the Company have confirmed that regarding the CCTs, nothing has come to their attention that causes them to believe that: (i) the CCTs as disclosed above have not been approved by the Board; (ii) for transactions involving the provision of goods or services by the Group, such transactions were not, in all material respects, in accordance with the pricing policies of the Group; (iii) the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; or (iv) the transaction amount of the CCTs as disclosed above have exceeded the annual cap as set by the Company or approved by the Shareholders (as the case may be).



A summary of all significant transactions with related parties (the "Related Party Transactions") entered into by the Group during the reporting period is contained in note 38 to the consolidated financial statements. During the reporting period, other than the CCTs set out above which are disclosed pursuant to the Listing Rules, no Related Party Transactions disclosed in note 38 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and CCTs entered into by the Group during the reporting period.

## TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of the Shares.

## EVENTS AFTER THE REPORTING PERIOD

On 31 March 2026, the Company entered into the following agreements with its controlling shareholder, Yili Industrial, and its wholly-owned subsidiary, Yili Finance:

(a) **2026 Financial Services Framework Agreement**

The Company entered into the 2026 Financial Services Framework Agreement with Yili Finance, pursuant to which Yili Finance agreed to continue to provide deposit services, loan services, settlement services and other financial services to the Group for a term of three years, replacing the 2023 Financial Services Framework Agreement upon becoming effective. The proposed annual caps for the maximum daily balance of deposits (including accrued interest) to be placed by the Group with Yili Finance are RMB800 million, RMB1,000 million, RMB1,800 million and RMB2,000 million for the period from the effective date to 31 December 2026 and for the years ending 31 December 2027, 2028 and 2029 (up to the expiry date), respectively. The deposit services constitute a major transaction and non-exempt continuing connected transaction under Chapters 14 and 14A of the Listing Rules.

(b) **2026 Manufacturing Service Framework Agreement**

The Company entered into the 2026 Manufacturing Service Framework Agreement with Yili Industrial for the provision of manufacturing services by the Yili Industrial Group to the Group, replacing the 2025 Manufacturing Service Framework Agreement. The proposed revised annual caps are RMB188 million, RMB221 million and RMB243 million for the years ending 31 December 2026, 2027 and 2028, respectively. The transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules.

Both agreements are conditional upon, among other things, approval by the Independent Shareholders at an extraordinary general meeting. An Independent Board Committee has been established and Frontpage Capital Limited has been appointed as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Further details are set out in the Company's announcement dated 31 March 2026.

Save as disclosed above, no other significant events affecting the Group occurred after the Year 2025 and up to the date of this report.

## FINANCIAL ADVISORS' INTEREST

The Company extended the appointment of Asian Capital Limited as the Company's financial advisor on a retainer basis for consultation on compliance with the Listing Rules for a period of one year commencing from 24 August 2025. During the term of the appointment, Asian Capital Limited will be accountable to the Audit Committee. As notified by Asian Capital Limited, during the Year 2025 and up to the date of this report, neither Asian Capital Limited nor any of its directors, employees or associates had any interests in the Shares or shares of any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the Shares or shares of any member of the Group.



## EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Scheme" on page 53 of this report, no equity-linked agreement was entered into by the Company during the Year 2025 or subsisted at the end of the Year 2025.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public during the Year 2025 and up to the date of this report.

## CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the CG Report on pages 26 to 43 of this report.

## PERMITTED INDEMNITY PROVISION

The Company has subscribed appropriate and sufficient insurance coverage on directors' and officers' liability insurance throughout the Year 2025, which provides appropriate cover for the Directors and officers of the Company.

## AUDITORS

An extraordinary general meeting of the Company was held on 5 September 2022, the Shareholders approved the removal of Ernst & Young as the auditor of the Company and its subsidiaries and the appointment of PricewaterhouseCoopers as the auditor of the Company. Saved as disclosed above, there were no other changes in the Company's auditors in the preceding three years.

The consolidated financial statements for the Year 2025 had been audited by PricewaterhouseCoopers. A resolution of PricewaterhouseCoopers as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Han Shixiu

*Chairman*

The PRC

27 March 2026



Biographical details of the Directors and the senior management of the Group as at the date of this report are set out below:

## DIRECTORS

### Executive Directors

#### *Mr. REN Zhijian ("Mr. Ren")*

Mr. Ren, aged 52, was appointed as an ED and the CEO on 12 September 2023. He joined the Group in July 2022 and is the chief executive officer of the Group in the PRC region. He is responsible for the overall business strategies and operations management of the PRC region. Mr. Ren graduated from Inner Mongolia College of Finance and Economics (內蒙古財經學院), now known as Inner Mongolia University of Finance and Economics (內蒙古財經大學). Before joining the Group, he was the deputy general manager of the milk powder business department of Yili Industrial and served at the cold beverage and milk powder business departments of Yili Industrial for more than 20 years with extensive experience in sales management and operations management.

#### *Mr. Bartle VAN DER MEER ("Mr. van der Meer")*

Mr. van der Meer, aged 79, was appointed as an ED and the CEO on 7 June 2013 and resigned as the CEO on 27 January 2023. Mr. van der Meer is one of the founders of Ausnutria B.V. and has been involved in the strategic management since the establishment of Ausnutria B.V. in 1994. He is also a member of the board of directors of Ausnutria B.V. since January 2020 and has been the chairman of the one-tier board from January 2020 to July 2023. Mr. van der Meer is primarily responsible for the Group's corporate merger and acquisition, dairy supply related strategies and management and new capital expenditure projects in the Netherlands. He graduated with a business administration degree in the Netherlands with a major in banking in 1966. He worked for Rabobank, a multinational banking and financial services group in the Netherlands for more than 25 years. He is serving as the executive director of Fan Deming B.V., a private equity company which owned 100% equity interests in DDI, a substantial Shareholder, since 1994. Mr. van der Meer has been the chairman of supervisory board of sc Heerenveen NV (a soccer club which plays in the premier division in the Netherlands) since 1998 to 2012, and a member of Foundation Accell Group (a company listed on Euronext Amsterdam (formerly known as Amsterdam Stock Exchange) since 1998 to March 2022.

#### *Mr. ZHANG Zhi ("Mr. Zhang")*

Mr. Zhang, aged 43, was appointed as an ED on 12 September 2023. He joined the Group in January 2023 and is the chief supply chain officer of the Group responsible for the overall production, supply chain security and quality management of the Company. Mr. Zhang graduated from Inner Mongolia University (內蒙古大學) in 2004 with a bachelor's degree in biotechnology, and is an EMBA student of Tianjin University (天津大學). Prior to joining the Group, he was the director of supply chain of the international business department of Yili Industrial. He worked for, among others, the cold beverage business department and the milk powder business department of Yili Industrial for a total of 19 years. He has extensive experience in international business, supply chain management and operation management.



### Non-executive Directors

#### *Mr. HAN Shixiu ("Mr. Han"), Chairman*

Mr. Han, aged 50, was appointed as the Chairman of the Board of the Company and a NED on 25 September 2024. He graduated from Inner Mongolia Agricultural University in 1997. He joined Yili Industrial in June 1997 and had been the supply director and logistics director of the liquid milk business unit, the head of the strategic planning department and the general manager of the milk powder business unit (including infant milk formula) of Yili Industrial. Since 2024, he has been the assistant to the group president of Yili Industrial. Mr. Han has over 20 years of extensive experience in the fields of supply chain and infant milk formula.

#### *Ms. YAN Junrong ("Ms. Yan")*

Ms. Yan, aged 54, was appointed as a NED on 24 November 2023. She graduated from Inner Mongolia University of Technology in 1994 with a bachelor's degree in engineering. She has 31 years of experience in the dairy industry and has been engaged in quality management, corporate culture building and management and operation of the president's office. Ms. Yan joined Yili Industrial in 1994 and has been the assistant to the president and the Management and Operation Office of Yili Industrial since 2019, managing the President's Office of Yili Industrial group. Prior to that, she was an executive director of Yili Industrial.

#### *Mr. ZOU Ying ("Mr. Zou")*

Mr. Zou, aged 45, was appointed as a NED on 25 September 2024. He graduated from Peking University in 2002 with a bachelor's degree in economics. He is a fellow member of the Chartered Institute of Management Accountants and a member of the Association of International Accountants. Mr. Zou joined Yili Industrial in August 2019 as the milk powder business unit's finance head, and is currently the head of the financial management department of Yili Industrial. Prior to joining Yili Industrial, he worked for Nestlé in various countries and regions for 17 years and has extensive experience in the fields of financial management and infant milk formula.

### Independent Non-executive Directors

#### *Mr. MA Ji ("Mr. Ma")*

Mr. Ma, aged 48, was appointed as an INED on 20 April 2022. Mr. Ma graduated from Peking University in 2000 with a bachelor's degree in economics, and China Europe International Business School in 2016 with an executive master of business administration degree. He is a member of the Chinese Institute of Certified Public Accountants and the American Institute of Certified Public Accountants. Mr. Ma is now the chief financial officer of Yuanli Juhe (Chongqing) Information Technology Co., Ltd. (原力聚合(重慶)信息技術有限公司). Prior to that, Mr. Ma was the chief financial officer of Autonavi Holdings Limited from 2013 to 2014, the senior director of Alibaba Group Holding Limited, a company listed on the Stock Exchange (stock code: 9988) from 2014 to 2015, the vice president of JD.com, Inc., a company listed on NASDAQ and the Stock Exchange (stock code: JD and 9618) from 2015 to 2021 and the chief financial officer of YQNLink from 2021 to January 2025. Mr. Ma worked at Deloitte Touche Tohmatsu CPA Ltd. for over ten years and has extensive financial management experience.

#### *Mr. CHEN Fuquan ("Mr. Chen")*

Mr. Chen, aged 61, was appointed as an INED on 25 September 2024. He graduated from the Department of Chemistry of Inner Mongolia University in China in 1986 with a bachelor's degree in science and the EMBA programme of Cheung Kong Graduate School of Business in China with an executive master of business administration degree. Mr. Chen was the head of public affairs at Yili Industrial from 2002 to 2018. He was the deputy secretary general of the China Dairy Industry Association in 2019. Mr. Chen joined the China Nutrition and Health Food Association in 2021 and had been the chief engineer and the secretary general of the infant formula sub-committee. Since 2024, he has been the deputy director of the infant formula sub-committee. Mr. Chen has over 23 years of experience in the research, consultation and formulation of policies, regulations, standards and management methods for the Chinese dairy industry.



*Mr. Aidan Maurice COLEMAN (“Mr. Coleman”)*

Mr. Coleman, aged 70, was appointed as an INED on 6 December 2018. Mr. Coleman graduated with a Bachelor of Arts degree in Economics and Psychology from The University of Auckland in 1978 and a Bachelor of Business Studies degree in marketing from Massey University of New Zealand in 1991. He is a founder and currently the managing director of Longpoint Consulting Pty. Ltd., which provides private consulting and advisory services to various companies in Australia and New Zealand including retailers, dairy trading companies and FMCG marketing businesses. He has over 33 years of extensive experience in the manufacturing and marketing of consumer and food-service food and agricultural products. Prior to joining Longpoint Consulting Pty. Ltd., Mr. Coleman was the chief executive officer of Bega Cheese Limited (stock code: BGA.ASX), a company listed on the Australian Securities Exchange, until 2017. He was also the chief executive officer of Tatura Milk Industries Ltd. (“**Tatura**”), a wholly-owned subsidiary of Bega Cheese Limited, from 2008 to 2011 and an executive director of Tatura from 2011 to 2017. Prior to joining Tatura, he was the managing director of Fonterra Brands (Australia) Pty. Ltd from 2005 to 2007, an Australian company which manufactures, markets and distributes dairy and non-dairy products.

**SENIOR MANAGEMENT**

*Ms. Yang Ruijie (“Ms. Yang”)*

Ms. Yang, aged 36, was appointed as chief financial officer of the Company on 30 June 2025. She joined the Group in December 2024. Ms. Yang graduated from the Shanghai University of Finance and Economics in 2013 with a bachelor’s degree in accounting. Ms. Yang joined Yili Industrial in October 2024 as deputy general manager of the financial management department. Prior to that, Ms. Yang worked at Procter & Gamble (Guangzhou) Ltd. for eleven years, during which she was responsible for financial management in various countries and regions, accumulating extensive experience in financial management across the entire value chain of fast-moving consumer goods, as well as practical experience in cross-cultural collaboration and global resource integration.

*Mr. LI Wei (“Mr. Li”)*

Mr. Li, aged 45, was appointed as the chief research and development officer of the Company on 17 January 2024. He joined the Group in June 2022 and has been the director of Ausnutria Institute of Food and Nutrition since August 2022. Mr. Li graduated from the School of Biological Engineering of the Tianjin University of Science & Technology. Prior to joining the Group, he was the deputy R&D director of the milk powder business unit of Yili Industrial. He worked in the field of R&D of milk powder for more than 20 years and has extensive experience in product development and R&D management of IMF and milk powder for special medical purposes.





To the Shareholders of Ausnutria Dairy Corporation Ltd  
(incorporated in the Cayman Islands with limited liability)

## OPINION

### What we have audited

The consolidated financial statements of Ausnutria Dairy Corporation Ltd (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 67 to 163, comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.



**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of goodwill
- Assessment of net realisable value of inventories

**Key Audit Matter**

**How our audit addressed the Key Audit Matter**

*1. Impairment assessment of goodwill*

*Refer to Note 4.4 (Critical judgements and accounting estimates), Note 19 (Goodwill) and Note 41.7 (Summary of other potentially material accounting policies) to the Group’s consolidated financial statements.*

We have performed the following procedures:

As at 31 December 2025, the net carrying value of goodwill was RMB393 million.

We obtained an understanding of the management’s internal control and assessment process of the impairment assessment of goodwill, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors in determining the valuations.

In assessing the recoverable amounts of the Group’s cash generating units (“CGUs”) that include the goodwill, management determined the value-in-use calculations of these CGUs, being the present value of the future cash flows expected to be derived from these CGUs. Such calculations involved developing assumptions and estimates about the future results of the relevant businesses, including:

We compared the current year actual results with the prior year forecast to consider, with hindsight, whether key assumptions included in that forecast had been subject to management bias and to assess the effectiveness of management’s estimation process.

- revenue growth rates;
- gross margin; and
- discount rates.

We assessed management’s future cash flow forecasts and the calculation of the value-in-use of each CGU. Our procedures included:

We focused on this area because of the material amount of goodwill balance as well as the high degree of uncertainties associated with estimating the future operating performance of these CGUs, including the complexity and subjectivity of management estimates involved in determining the valuations and the appropriateness of the significant assumptions adopted.

- assessing the appropriateness of the valuation methodology adopted by reference to market practices;
- assessing and challenging the key assumptions, including the revenue growth rates, and the gross margin, by comparing them with the historical operating results and future operating plans of the relevant businesses;
- assessing the discount rates by reference to external data, including the risk factor of comparable companies and the market risk premium;



**KEY AUDIT MATTERS (continued)**

## Key Audit Matter

## How our audit addressed the Key Audit Matter

- assessing and challenging the appropriateness of other key input data by comparing with historical data or future business plans; and
- testing the mathematical accuracy of the discounted cash flow calculations.

We assessed management's sensitivity analysis to evaluate the assumptions to which the outcomes of the discounted cash flows were more sensitive and the degree to which and likelihood that these assumptions might move to trigger an impairment.

We assessed the adequacy of the disclosures related to the impairment assessment of goodwill in the context of IFRS Accounting Standards.

Based on the work performed, we found that management's judgements and estimates in connection with the impairment assessment of goodwill were supported by the evidence we obtained.



## KEY AUDIT MATTERS (continued)

## Key Audit Matter

## How our audit addressed the Key Audit Matter

*2. Assessment of net realisable value of inventories*

*Refer to Note 4.7 (Critical judgements and accounting estimates), Note 23 (Inventories) and Note 41.10 (Summary of other potentially material accounting policies) to the Group's consolidated financial statements.*

As at 31 December 2025, the Group's balance of inventory was RMB1,981 million, against which a write-down of RMB46 million was made during the year.

Inventories are carried at the lower of cost and net realisable value. The Group performs regular reviews of the carrying amounts of inventories to determine whether any write-down of inventories to net realisable value is required after considering the expiration dates and conditions of inventories, and the future sales forecast.

We focused on this area because of the material amount of inventory balance, estimation uncertainty in the determination of net realisable value of inventories, the subjectivity of future sales forecast and the significance of management judgements applied.

We have performed the following procedures:

We obtained an understanding of the management's internal controls and assessment process of net realisable value of inventories, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors in determining net realisable value of inventories.

We evaluated the outcome of prior period assessment of net realisable value of inventories to assess whether there was management bias in the relevant policies of write-down of inventories and to assess the effectiveness of the management's estimation process.

We evaluated and validated the key controls related to the assessment of net realisable value of inventories, including the information technology general controls and system reports used by management to assess net realisable value of inventories.

We observed physical inventory conditions and checked the expiration dates of inventories on a sample basis during stocktake process, and compared with management's report where slow moving, damaged or obsolete inventory items were identified.

We obtained and compared, on a sample basis, the recent sales volumes, selling prices, rate of selling expenses and future sales forecast with the key assumptions and data used in determination of net realisable value of inventories.

We tested the mathematical accuracy of the calculations of net realisable value of inventories and related write-downs.

Based on the work performed, we found that the Group's assessment of net realisable value of inventories and related write-downs was supported by the evidence we obtained.



## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dou Wang, Angel (practising certificate number: P04998).

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 27 March 2026



# Consolidated Statement of Profit or Loss

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For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	6	7,487,957	7,402,439
Cost of sales	7	(4,594,773)	(4,294,534)
Gross profit		2,893,184	3,107,905
Selling and distribution expenses	7	(1,926,117)	(2,077,247)
Administrative expenses	7	(646,406)	(550,048)
Research and development expenses	7	(105,413)	(125,451)
Net impairment losses on financial assets	3.1(b)	(74,961)	(26,008)
Other income, other gains/(losses) - net	10	30,157	52,558
Operating profit		170,444	381,709
Finance costs	11	(44,979)	(51,642)
Share of profits and losses of investments accounted for using the equity method	22	44,088	(17,552)
Profit before income tax		169,553	312,515
Income tax credit/(expense)	12	19,531	(65,322)
<b>Profit for the year</b>		189,084	247,193
Attributable to:			
The equity holders of the Company		177,506	235,975
Non-controlling interests		11,578	11,218
		189,084	247,193
<b>Earnings per share attributable to the equity holders of the Company</b>			
Basic earnings per share (RMB cents)	14	9.98	13.26
Diluted earnings per share (RMB cents)	14	9.98	13.26

The notes on pages 74 to 163 are an integral part of these consolidated financial statements.



# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Profit for the year	189,084	247,193
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	301,073	(180,347)
<i>Item that will not be reclassified to profit or loss</i>		
Remeasurement income on the defined benefit plan, net of tax	97	740
Exchange differences on translation of the Company's financials	(71,221)	64,919
<b>Total other comprehensive income/(loss) for the year</b>	<b>229,949</b>	<b>(114,688)</b>
<b>Total comprehensive income for the year</b>	<b>419,033</b>	<b>132,505</b>
Attributable to:		
The equity holders of the Company	406,083	124,762
Non-controlling interests	12,950	7,743
	<b>419,033</b>	<b>132,505</b>

The notes on pages 74 to 163 are an integral part of these consolidated financial statements.



# Consolidated Statement of Financial Position

69

As at 31 December 2025

		As at 31 December	
		2025	2024
		RMB'000	RMB'000
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	3,560,743	3,265,689
Investment property	17	137,805	132,365
Right-of-use assets	18(a)	182,620	184,349
Goodwill	19	393,315	368,058
Other intangible assets	20	472,319	501,089
Investments accounted for using the equity method	22	179,979	126,584
Financial assets at fair value through profit or loss	21	27,755	28,385
Prepayments, deposits and other assets	25	54,285	68,654
Long-term time deposits, with original maturity over one year	26	923,460	224,050
Deferred tax assets	32	408,670	364,982
Total non-current assets		6,340,951	5,264,205
<b>Current assets</b>			
Inventories	23	1,981,061	1,930,251
Trade and bills receivables	24	697,722	689,578
Prepayments, other receivables and other assets	25	230,014	263,377
Income tax recoverable		74,676	55,535
Time deposits	26	21,778	206,221
Restricted cash	26	1,917	9,302
Cash and cash equivalents	26	907,578	1,214,703
Current assets excluding assets classified as held for sale		3,914,746	4,368,967
Assets classified as held for sale	16	–	28,974
Total current assets		3,914,746	4,397,941
<b>Total assets</b>		<b>10,255,697</b>	<b>9,662,146</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	18(b)	94,531	90,177
Defined benefit plan	30	955	948
Deferred revenue	31	78,979	78,854
Deferred tax liabilities	32	52,697	71,674
Other liabilities		17,258	10,819
Total non-current liabilities		244,420	252,472



## 70 Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
<b>Current liabilities</b>			
Trade and bills payables	27	537,711	533,945
Other payables and accruals	28	612,440	661,261
Contract liabilities	6	227,410	233,961
Bank borrowings	29	2,508,738	2,137,716
Lease liabilities	18(b)	16,632	24,503
Income tax payable		21,932	34,809
Total current liabilities		3,924,863	3,626,195
<b>Total liabilities</b>		<b>4,169,283</b>	<b>3,878,667</b>
<b>EQUITY</b>			
Equity attributable to the equity holders of the Company			
Share capital	33	154,044	154,173
Reserves	34	5,872,651	5,567,428
Non-controlling interests		6,026,695	5,721,601
		59,719	61,878
<b>Total equity</b>		<b>6,086,414</b>	<b>5,783,479</b>
<b>Total equity and liabilities</b>		<b>10,255,697</b>	<b>9,662,146</b>

The notes on pages 74 to 163 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 67 to 163 were approved by the board of directors on 27 March 2026 and were signed on its behalf by:

Mr. Ren Zhijian  
Director

Mr. Zhang Zhi  
Director



# Consolidated Statement of Changes in Equity

71

For the year ended 31 December 2025

	Attributable to the equity holders of the Company									Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Treasury shares RMB'000	Share option reserves RMB'000	Statutory surplus reserves RMB'000	Exchange fluctuation reserves RMB'000	Retained profits RMB'000	Subtotal RMB'000		
As at 1 January 2025	154,173	2,911,426	(1,988,353)	-	52,989	181,093	(185,119)	4,595,392	5,721,601	61,878	5,783,479
Comprehensive income:											
Profit for the year	-	-	-	-	-	-	-	177,506	177,506	11,578	189,084
Other comprehensive income for the year											
- Exchange differences on translation	-	-	-	-	-	-	228,480	-	228,480	1,372	229,852
- Remeasurement income on the defined benefit plan, net of tax	-	-	-	-	-	-	-	97	97	-	97
Total comprehensive income for the year	-	-	-	-	-	-	228,480	177,603	406,083	12,950	419,033
Transactions with owners:											
Repurchase of shares (Note 33)	-	-	-	(2,473)	-	-	-	-	(2,473)	-	(2,473)
Cancellation of shares (Note 33)	(129)	(2,344)	-	2,473	-	-	-	-	-	-	-
Final 2024 dividend declared	-	(98,516)	-	-	-	-	-	-	(98,516)	-	(98,516)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(15,109)	(15,109)
Transfer from retained profits	-	-	-	-	-	11,512	-	(11,512)	-	-	-
Total transactions with owners	(129)	(100,860)	-	-	-	11,512	-	(11,512)	(100,989)	(15,109)	(116,098)
As at 31 December 2025	154,044	2,810,566	(1,988,353)	-	52,989	192,605	43,361	4,761,483	6,026,695	59,719	6,086,414

The notes on pages 74 to 163 are an integral part of these consolidated financial statements.



## 72 Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to the equity holders of the Company										
	Share capital RMB'000	Share premium account RMB'000	Capital reserve RMB'000	Treasury shares RMB'000	Share option reserves RMB'000	Statutory surplus reserves RMB'000	Exchange fluctuation reserves RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2024	154,226	2,993,283	(1,973,634)	-	52,989	181,093	(73,166)	4,358,677	5,693,468	55,728	5,749,196
Comprehensive income:											
Profit for the year	-	-	-	-	-	-	-	235,975	235,975	11,218	247,193
Other comprehensive income for the year											
- Exchange differences on translation	-	-	-	-	-	-	(111,953)	-	(111,953)	(3,475)	(115,428)
- Remeasurement income on the defined benefit plan, net of tax	-	-	-	-	-	-	-	740	740	-	740
Total comprehensive income for the year	-	-	-	-	-	-	(111,953)	236,715	124,762	7,743	132,505
Transactions with owners:											
Repurchase of shares (Note 33)	-	-	-	(980)	-	-	-	-	(980)	-	(980)
Cancellation of shares (Note 33)	(53)	(927)	-	980	-	-	-	-	-	-	-
Final 2023 dividend declared	-	(80,930)	-	-	-	-	-	-	(80,930)	-	(80,930)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1,282)	(1,282)
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	13,532	13,532
Acquisition of non-controlling interest in subsidiaries (Note 38)	-	-	(14,719)	-	-	-	-	-	(14,719)	(13,843)	(28,562)
Total transactions with owners	(53)	(81,857)	(14,719)	-	-	-	-	-	(96,629)	(1,593)	(98,222)
As at 31 December 2024	154,173	2,911,426	(1,988,353)	-	52,989	181,093	(185,119)	4,595,392	5,721,601	61,878	5,783,479

The notes on pages 74 to 163 are an integral part of these consolidated financial statements.



# Consolidated Statement of Cash Flows

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For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Net cash flows generated from operating activities</b>	35(a)	<b>372,436</b>	299,374
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(214,619)	(347,268)
Additions to other intangible assets		(42,899)	(38,426)
Purchases of investment properties		(314)	–
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
Increase in time deposits with maturity more than 3 months	26	(498,854)	(381,111)
Proceeds from disposal of property, plant and equipment		2,558	30,727
Proceeds from disposal of other intangible assets		161	2,277
Proceeds from disposal of assets classified as held for sale		32,514	–
Acquisition of subsidiaries – net		–	(165,366)
<b>Net cash flows used in investing activities</b>		<b>(721,453)</b>	(899,165)
<b>Cash flows from financing activities</b>			
New bank borrowings		2,371,956	926,799
Repayments of bank borrowings		(2,207,768)	(1,072,912)
Payment of lease liabilities (principal)	35(c)	(33,366)	(25,956)
Acquisition of non-controlling interests		–	(28,562)
Contributions from non-controlling shareholders		–	13,532
Repurchase of shares		(2,473)	(980)
Dividends paid to the equity holders of the Company	13	(97,152)	(80,637)
Dividends paid to non-controlling shareholders		(15,109)	(1,282)
Decrease/(Increase) in restricted cash		7,385	(3,590)
<b>Net cash flows generated from/(used in) financing activities</b>		<b>23,473</b>	(273,588)
<b>Net decrease in cash and cash equivalents</b>		<b>(325,544)</b>	(873,379)
Cash and cash equivalents at beginning of year	26	1,214,703	2,037,602
Effect of foreign exchange rate changes, net		18,419	50,480
<b>Cash and cash equivalents at end of year</b>		<b>907,578</b>	1,214,703

The notes on pages 74 to 163 are an integral part of these consolidated financial statements.



For the year ended 31 December 2025

## 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 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, 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 Accounting Standards 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statement are disclosed in Note 4.



For the year ended 31 December 2025

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

### 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 2025:

		Effective for accounting periods beginning on or after
IAS 21 (Amendments)	Lack of exchangeability	1 January 2025

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 2026 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
IFRS 9 and IFRS 7 (Amendments)	Amendments to the classification and measurement of financial instruments	1 January 2026
IFRS 9 and IFRS 7 (Amendments)	Amendments to contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027
IAS 21 (Amendments)	Amendments to translation to a Hyperinflationary Presentation Currency	1 January 2027
IFRS 10 and IAS 28 (Amendments)	Amendments to sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined



For the year ended 31 December 2025

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

### 2.2 Changes in accounting policies (continued)

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

According to the assessment made by the directors of the Company, these new and amended standards are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective, except for IFRS 18 which will mainly impact the presentation of the consolidated statement of profit or loss.

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, although the adoption of IFRS 18 will have no impact on the group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported, such as the rental income and fair value gains/losses.

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles.

From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.



For the year ended 31 December 2025

### 3 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments, other than derivatives, comprise bank borrowings, and cash and bank deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The Group also considers to enter into derivative transactions, including principally interest rate caps, when necessary. The purpose is to manage the interest rate risks arising from the Group's operations and its sources of finance. The main risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

#### 3.1 Financial risk factors

##### (a) Market risk

###### (i) Interest rate risk

The Group's income and operating cash flows are substantially independent of variations in market interest rates, as the Group has no significant interest-bearing assets other than cash and cash equivalents and other bank deposits. The Group's interest rate risk arises primarily from bank borrowings. Borrowings issued at variable interest rates and at fixed interest rates expose the Group to cash flow interest risk and fair value interest risk respectively. The Group's borrowings comprise secured and unsecured short-term bank borrowings as disclosed in Note 29.

The Group manages its interest cost using a mix of fixed and variable rate debts. As at 31 December 2025, 100% (2024: 100%) of the Group's interest-bearing borrowings bore interest at floating rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
2025		
Euro ("EUR")	100	(24,330)
EUR	(100)	24,330
Hong Kong dollars ("HK\$")	100	(375)
HK\$	(100)	375
2024		
Euro ("EUR")	100	(23,013)
EUR	(100)	23,013
Hong Kong dollars ("HK\$")	100	(626)
HK\$	(100)	626



For the year ended 31 December 2025

**3 FINANCIAL RISK MANAGEMENT (continued)****3.1 Financial risk factors (continued)***(a) Market risk (continued)**(ii) Foreign currency risk*

The Group operates internationally and has a number of subsidiaries operating in various countries and regions, including the Chinese mainland, the Netherlands, Hong Kong, Australia and New Zealand. The Group is therefore exposed to currency risk primarily through transactions which give rise to balances that are denominated in a currency other than the functional currency of the operations in the countries or regions to which the transactions relate.

For the subsidiaries in the Chinese mainland, as the foreign currency denominated balances were not material, the impact of foreign currency risk is insignificant.

For the subsidiaries in the Netherlands, of which the functional currency is EUR, the exposure to foreign currency risk (mainly cash and cash equivalents) at the end of the reporting period, expressed in RMB, was as follows:

	31 December 2025 Cash and cash equivalents RMB'000	31 December 2024 Cash and cash equivalents RMB'000
United States dollars ("US\$")	147,875	83,174

As at 31 December 2025, if EUR had weakened/strengthened by 5% against foreign currencies with all other variables held constant, the Group's profit before tax for the year ended 31 December 2025 would have been increased/decreased by approximately RMB7,394,000 (2024: increased/decreased by approximately RMB4,159,000).



For the year ended 31 December 2025

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (a) Market risk (continued)

##### (i) Foreign currency risk (continued)

For the subsidiaries in Hong Kong, the functional currency is HK\$, the exposure to foreign currency risk (mainly cash and cash equivalents, trade receivables, other receivables, trade payables and other payables) at the end of the reporting period, expressed in RMB, was as follows:

	31 December 2025			31 December 2024		
	Cash and cash equivalents RMB'000	Trade and other receivables RMB'000	Trade and other payables RMB'000	Cash and cash equivalents RMB'000	Trade and other receivables RMB'000	Trade and other payables RMB'000
RMB	1,724	8,042	(3,426)	8,148	9,592	(2,530)
EUR	649	–	(50)	314	–	(49)
US\$	8,805	353	(548)	5,721	361	(49)
Australian dollars ("AUD")	2,187	578	(477)	3,192	117	(55)

As at 31 December 2025, if HK\$ had weakened/strengthened by 5% against foreign currencies with all other variables held constant, the Group's profit before tax for the year ended 31 December 2025 would have been increased/decreased by approximately RMB892,000 (2024: increased/decreased by approximately RMB1,238,000).

For the subsidiaries in Australia, of which the functional currency is AUD, as the foreign currency denominated balances were not material, the impact of foreign currency risk is insignificant.

##### (b) Credit risk

Credit risk is managed on a group basis. Credit risk mainly arises from cash and cash equivalents and other bank deposits, other receivables, as well as credit exposures to customers, including outstanding trade and bills receivables and committed transactions. Majority of the Group's sales are settled in cash by its customers before delivery of goods. Credit sales are made only to selected customers with good credit history. The Group has policies in place to ensure that settlement of trade receivables is followed up on a timely basis.

##### (i) Credit risk of cash and cash equivalents

Cash and cash equivalents mainly refer to cash deposits at banks. To manage this risk, cash deposits at banks are mainly placed with state-owned and reputable financial institutions in the countries or regions where the Group entities operate. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are insignificant.



For the year ended 31 December 2025

## 3 FINANCIAL RISK MANAGEMENT (continued)

## 3.1 Financial risk factors (continued)

## (b) Credit risk (continued)

## (ii) Credit risk of trade and bills receivables

The Group has trade and bills receivables for provision of sales of goods subject to the expected credit losses ("ECLs") model on adoption of IFRS 9.

The Group applies IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the number of days past due.

## – The Chinese mainland

The loss allowance as at 31 December 2025 and 2024 was determined as follows for trade receivables:

As at 31 December 2025	6 months				Total RMB'000
	Within 3 months RMB'000	3 to 6 months RMB'000	to 1 year RMB'000	Over 1 year RMB'000	
The Chinese mainland: Expected loss rate	0.0%	0.0%	0.0%	82.3%	0.6%
Gross carrying amount – trade receivables (Note 24)	120,779	6,076	406	985	128,246
Loss allowance	4	1	–	811	816
As at 31 December 2024	6 months				Total RMB'000
	Within 3 months RMB'000	3 to 6 months RMB'000	to 1 year RMB'000	Over 1 year RMB'000	
The Chinese mainland: Expected loss rate	0.3%	0.0%	0.3%	7.7%	0.7%
Gross carrying amount – trade receivables (Note 24)	164,796	14,388	2,121	10,439	191,744
Loss allowance	518	3	7	808	1,336



For the year ended 31 December 2025

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

##### (ii) Credit risk of trade and bills receivables (continued)

- The Chinese mainland (continued)  
The Group has identified the economic conditions and performance of the customers in the Chinese mainland with shared credit risk characteristics and calculated their expected credit losses on a portfolio basis. Expected loss rates are applied based on the payment profiles of sales over a certain period before the reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers in the Chinese mainland to settle the receivables.
- Overseas

As at 31 December 2025	6 months				Total RMB'000
	Within 3 months RMB'000	3 to 6 months RMB'000	to 1 year RMB'000	Over 1 year RMB'000	
Expected loss rate	0.1%	10.8%	51.9%	66.2%	16.6%
Gross carrying amount – trade receivables (Note 24)	443,788	47,914	105,123	77,988	674,813
Loss allowance	453	5,177	54,556	51,615	111,801

As at 31 December 2024	6 months				Total RMB'000
	Within 3 months RMB'000	3 to 6 months RMB'000	to 1 year RMB'000	Over 1 year RMB'000	
Expected loss rate	0.4%	1.7%	22.2%	76.8%	7.4%
Gross carrying amount – trade receivables (Note 24)	300,619	129,760	79,040	23,644	533,063
Loss allowance	1,251	2,253	17,565	18,163	39,232



For the year ended 31 December 2025

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

(b) *Credit risk (continued)*

(ii) *Credit risk of trade and bills receivables (continued)*

– Overseas (continued)

The Group has identified the economic conditions and performance of overseas customers with different risk profiles and calculated expected credit losses on an individual basis due to the fact that overseas customers are relatively scattered across various regions worldwide with different business models.

The Group has an accounts receivable balance due from a customer in Iraq amounting to EUR11,534,000 (equivalent to RMB94,989,000) (2024: EUR5,549,000 (equivalent to RMB41,758,000)). As at 31 December 2025, the customer remained in default, having failed to settle under both the original and extended payment terms. Due to the significant uncertainty regarding collectability, the Group has fully provided bad debt provision for such receivable amounting to EUR11,534,000 (equivalent to RMB94,989,000) (2024: EUR3,115,000 (equivalent to RMB23,445,000)).

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

Bills receivables are all bank acceptance bills. Since they are substantially issued by state-owned banks and other medium or large sized listed banks, management does not expect that there will be any significant losses from non-performance by these counterparties.



### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

###### (iii) Credit risk of other receivables

Other receivables mainly include deposits and loans to related parties and other receivables due from third parties.

For these receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of such receivables based on historical settlement records and past experience.

The directors consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the year. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third party's ability to meet its obligations;
- actual or expected significant changes in the operating results of the third party;
- significant changes in the expected performance and behavior of the third party, including changes in the payment status of the third party.

Impairment on other receivables is measured as 12-month ECLs and the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables.



For the year ended 31 December 2025

**3 FINANCIAL RISK MANAGEMENT (continued)****3.1 Financial risk factors (continued)***(b) Credit risk (continued)**(iv) Impairment of financial assets*

As at 31 December 2025 and 2024, the loss allowance for trade receivables and other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	Other receivables RMB'000	Total RMB'000
Opening loss allowance as at 1 January 2024	16,202	5,918	22,120
Increase in loss allowance recognised in the consolidated statement of profit or loss during the year	25,595	413	26,008
Receivables written off during the year as uncollectible	(54)	(366)	(420)
Business combination	684	–	684
Exchange realignment	(1,859)	3	(1,856)
Closing loss allowance as at 31 December 2024	40,568	5,968	46,536
Increase in loss allowance recognised in the consolidated statement of profit or loss during the year	74,469	492	74,961
Receivables written off during the year as uncollectible	(1,976)	(5,294)	(7,270)
Exchange realignment	(444)	(10)	(454)
Closing loss allowance as at 31 December 2025	112,617	1,156	113,773



For the year ended 31 December 2025

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (c) Liquidity risk

The Group monitors its risk to a shortage of funds by considering the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 December 2025	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying value RMB'000
Lease liabilities	4,323	12,968	67,437	30,847	115,575	111,163
Bank borrowings and interest payables	14,314	2,522,635	–	–	2,536,949	2,508,738
Trade and bills payables (Note 27)	531,347	6,364	–	–	537,711	537,711
Financial liabilities included in other payables and accruals	281,201	95,450	–	–	376,651	376,651
<b>Total</b>	<b>831,185</b>	<b>2,637,417</b>	<b>67,437</b>	<b>30,847</b>	<b>3,566,886</b>	<b>3,534,263</b>
As at 31 December 2024						
Lease liabilities	6,519	19,012	51,237	42,542	119,310	114,680
Bank borrowings and interest payables	18,050	2,157,361	–	–	2,175,411	2,137,716
Trade and bills payables (Note 27)	529,186	4,759	–	–	533,945	533,945
Financial liabilities included in other payables and accruals	272,574	137,328	–	–	409,902	409,902
<b>Total</b>	<b>826,329</b>	<b>2,318,460</b>	<b>51,237</b>	<b>42,542</b>	<b>3,238,568</b>	<b>3,196,243</b>



For the year ended 31 December 2025

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.2 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group could adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by total assets. Net debt is calculated as the sum of bank borrowings, and lease liabilities, less restricted cash, time deposits, long-term time deposits and cash and cash equivalents. The gearing ratios as at the end of the reporting periods were as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Bank borrowings (Note 29)	2,508,738	2,137,716
Add: Lease liabilities (Note 18)	111,163	114,680
Less: Restricted cash (Note 26)	(1,917)	(9,302)
Time deposits (Note 26)	(21,778)	(206,221)
Long-term time deposits, with original maturity over one year (Note 26)	(923,460)	(224,050)
Cash and cash equivalents (Note 26)	(907,578)	(1,214,703)
Net debt	765,168	598,120
Total assets	10,255,697	9,662,146
Gearing ratio	7.5%	6.2%

The increase of the gearing ratio during the year is a result of the increase in net debt of the Netherlands' operation.

#### (i) Loan covenants

Under the terms of the major bank loan, which has a carrying amount of EUR2,447,000 (equivalent to RMB20,148,000) (2024: Nil), the Group is required to comply with the following financial covenants at the end of each annual reporting period:

- the solvency ratio must be not less than 30%, and
- the ratio of senior net debt to EBITDA must be not more than 3.

The Group has complied with these covenants throughout the reporting period. As at 31 December 2025, the solvency ratio was 30.1% (37.8% as at 31 December 2024) and the ratio of senior net debt to EBITDA was -0.9 (0.2 as at 31 December 2024).

There are no indications that the Group would have difficulties complying with the covenants when they will be next tested as at the 31 December 2026 reporting date.



For the year ended 31 December 2025

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.3 Fair value estimation

##### (a) Fair value hierarchy

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2025 and 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at 31 December 2025

	Recurring fair value measurements using			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
<b>Non-current</b>				
Financial assets at fair value through profit or loss ("FVTPL") (Note 21)	–	–	27,755	27,755

As at 31 December 2024

	Recurring fair value measurements using			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
<b>Non-current</b>				
Financial assets at fair value through profit or loss ("FVTPL") (Note 21)	–	–	28,385	28,385

There were no transfers among levels of the fair value measurements during the year ended 31 December 2025 (2024: Nil).

The fair values of the above financial assets at FVTPL as at 31 December 2025 and 2024 were determined using market approach.



For the year ended 31 December 2025

## 4 CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of financial statements requires the use of accounting estimates which, by definition, will likely differ from the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### 4.1 Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, the expected usage of the asset, the expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances. The depreciation provided for the year ended 31 December 2025 was RMB197,553,000 (2024: RMB166,285,000). Further details are included in Note 16 to the consolidated financial statements.

### 4.2 Useful lives of other intangible assets

The Group determines the estimated useful lives and consequently the related amortisation charges for other intangible assets. These estimates are based on the historical experience of the actual useful lives of those intangible assets of similar nature and functions and by reference with industry experiences. Management will increase the amortisation charges where useful lives are less than previously estimated lives, which may also result in impairment of intangible assets. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in amortisable lives and therefore amortisation expenses in future periods. The amortisation provided for the year ended 31 December 2025 is included in Note 20 to the consolidated financial statements.

### 4.3 Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

### 4.4 Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2025 was RMB393,315,000 (2024: RMB368,058,000). No goodwill impairment charge (2024: Nil) was recognised in the consolidated financial statements of 2025 based on the results of the goodwill impairment test. Further details are included in Note 19 to the consolidated financial statements.



For the year ended 31 December 2025

## 4 CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES (continued)

### 4.5 Sales incentives

There are a large number of sales contracts with distributors in the Chinese mainland, including various incentives provided to distributors in the form of volume rebates, discounts and other promotion and marketing supports. The consideration received or receivable from the distributors is allocated between the products immediately sold and the incentives for distributors' future redemption. The amount allocated to the incentives is recorded as a contract liability and deferred until the incentives are redeemed. Such calculation and allocation involved management consideration of various contract terms and forms of the sales incentive program. Management is required to use judgement in assessing the nature of sales incentives and whether the payments to customers are in exchange of distinct goods and services.

### 4.6 Provision for ECLs on trade receivables

The Group uses a provision matrix to calculate the ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is included in Note 3.1(b) and Note 24 to the consolidated financial statements.

### 4.7 Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion, selling expense and related tax. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of technical innovations, changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each balance sheet date.

### 4.8 Deferred income tax assets

Deferred income tax assets are mainly recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to carried-forward tax losses as at 31 December 2025 was RMB363,294,000 (2024: RMB279,323,000). The amount of unrecognised deferred income tax assets as at 31 December 2025 was RMB71,357,000 (31 December 2024: RMB83,607,000) in respect of tax losses of RMB319,826,000 (31 December 2024: RMB373,447,000). Further details are contained in Note 32 to the consolidated financial statements.



For the year ended 31 December 2025

## 5 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 the Chinese mainland 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.



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## 5 OPERATING SEGMENT INFORMATION (continued)

## (a) Segment results and assets and liabilities

	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
<b>Year ended 31 December 2025</b>			
Segment revenue			
Sales to external customers (Note 6)	7,167,544	320,413	7,487,957
Rental income (Note 10)	13,480	–	13,480
Segment results	234,823	(35,145)	199,678
Reconciliation:			
Segment results			199,678
Interest income (Note 10)			37,831
Unallocated finance costs (other than interest on lease liabilities) (Note 11)			(41,635)
Corporate and other unallocated expenses			(26,321)
Profit before tax			169,553
Other segment information			
Cost of goods sold	4,406,139	188,634	4,594,773
Selling and distribution expenses	1,798,801	127,316	1,926,117
Impairment losses recognised in profit or loss	118,798	1,742	120,540
Share of profits and losses of investments accounted for using the equity method (Note 22)	44,054	34	44,088
Depreciation and amortisation	318,890	22,482	341,372
Capital expenditure*	307,102	13,130	320,232
<b>As at 31 December 2025</b>			
Segment assets	8,377,523	446,104	8,823,627
Reconciliation:			
Elimination of intersegment receivables			(422,663)
Corporate and other unallocated assets			1,854,733
Total assets			10,255,697
Segment liabilities	1,744,882	338,326	2,083,208
Reconciliation:			
Elimination of intersegment payables			(422,663)
Corporate and other unallocated liabilities			2,508,738
Total liabilities			4,169,283



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## 5 OPERATING SEGMENT INFORMATION (continued)

## (a) Segment results and assets and liabilities (continued)

	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
<b>Year ended 31 December 2024</b>			
Segment revenue			
Sales to external customers (Note 6)	7,097,880	304,559	7,402,439
Rental income (Note 10)	9,835	–	9,835
Segment results	357,324	(5,603)	351,721
Reconciliation:			
Segment results			351,721
Interest income (Note 10)			37,440
Unallocated finance costs (other than interest on lease liabilities) (Note 11)			(49,877)
Corporate and other unallocated expenses			(26,769)
Profit before tax			312,515
Other segment information			
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 (Note 22)	(17,574)	22	(17,552)
Depreciation and amortisation	245,084	36,020	281,104
Capital expenditure*	367,084	5,728	372,812
<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			1,654,276
Total assets			9,662,146
Segment liabilities	1,750,856	376,731	2,127,587
Reconciliation:			
Elimination of intersegment payables			(386,636)
Corporate and other unallocated liabilities			2,137,716
Total liabilities			3,878,667

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



For the year ended 31 December 2025

**5 OPERATING SEGMENT INFORMATION (continued)****(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:*

	2025 RMB'000	2024 RMB'000
The PRC	1,940,877	1,373,689
The Netherlands	3,844,386	3,342,161
Australia and New Zealand	147,018	183,373
	5,932,281	4,899,223

- (ii) *Information about major customers*

During the years ended 31 December 2025 and 2024, there was no revenue from a single external customer accounting for 10% or more of the Group's total revenue (2024: Nil).

**6 REVENUE FROM CONTRACTS WITH CUSTOMERS**

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	7,487,957	7,402,439



For the year ended 31 December 2025

**6 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)****(a) Disaggregated revenue information**

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

	Year ended 31 December 2025		
	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
Type of goods or services			
Sale of goods	7,140,962	320,413	7,461,375
Rendering services	26,582	–	26,582
<b>Total revenue from contracts with customers</b>	<b>7,167,544</b>	<b>320,413</b>	<b>7,487,957</b>
Geographical markets			
The PRC	4,460,353	294,681	4,755,034
Europe	1,624,190	–	1,624,190
Middle East	520,797	–	520,797
North and South America	343,222	–	343,222
Southeast Asia	71,627	–	71,627
Australia	33,701	7,602	41,303
Others	113,654	18,130	131,784
<b>Total revenue from contracts with customers</b>	<b>7,167,544</b>	<b>320,413</b>	<b>7,487,957</b>
Timing of revenue recognition			
At a point in time	7,140,962	320,413	7,461,375
Over time	26,582	–	26,582
<b>Total revenue from contracts with customers</b>	<b>7,167,544</b>	<b>320,413</b>	<b>7,487,957</b>



For the year ended 31 December 2025

**6 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)****(a) Disaggregated revenue information (continued)**

	Year ended 31 December 2024		
	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
Type of goods or services			
Sale of goods	7,092,510	304,559	7,397,069
Rendering services	5,370	–	5,370
<b>Total revenue from contracts with customers</b>	<b>7,097,880</b>	<b>304,559</b>	<b>7,402,439</b>
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
<b>Total revenue from contracts with customers</b>	<b>7,097,880</b>	<b>304,559</b>	<b>7,402,439</b>
Timing of revenue recognition			
At a point in time	7,092,510	304,559	7,397,069
Over time	5,370	–	5,370
<b>Total revenue from contracts with customers</b>	<b>7,097,880</b>	<b>304,559</b>	<b>7,402,439</b>



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**6 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)****(b) Contract liabilities**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Contract liabilities	227,410	233,961

Contract liabilities include considerations received from customers in advance and the fair value of sales incentives not yet redeemed.

Details of contract liabilities are set out below:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Short-term advances received from customers for the sale of goods and deferred sales incentives	227,410	233,961

Set out below is the amount of revenue recognised from:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Amounts included in contract liabilities at the beginning of the year	233,961	451,316

***Significant changes in contract liabilities***

Contract liabilities for customer contracts decreased by RMB6,551,000 due to acceleration of sales incentives consumption.

**(c) Performance obligations**

Information about the Group's performance obligation is summarised below:

***Sales of goods***

The performance obligation is satisfied upon delivery of the goods to the customers where payment in advance is normally required.

Customers mainly referring to distributors, are entitled to incentives according to the sales incentive program which results in allocation of a portion of the transaction price to the incentives entitled by the distributors. Revenue is recognised when the incentives are redeemed.



## 6 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

### (c) Performance obligations (continued)

#### *Sales of goods (continued)*

In addition, the Group updates its estimates of the incentives that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

All the remaining performance obligations are expected to be recognised within one year.

### (d) Accounting policies of revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

#### *Sales of goods*

The Group manufactures and sells dairy related products and nutrition products in the market. Sales are recognised when control of the products has transferred. Control is considered to be transferred at the point in time when the products have been delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery has occurred when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered, since this is the point in time when the consideration is unconditional because only the passage of time is required before the payment is due.

For certain payments to customers for promotion activities, the Group did not provide a distinct good or service to customers and therefore recorded as a deduction of sales price.

#### *Sales incentive program*

The Group operates the sales incentive program to provide additional incentives to distributors and customers that provide a material right to each of them when they purchase products of the Group.

The sales incentives can then be redeemed for free products, subject to a minimum number of incentives being obtained. The consideration received or receivable from the products sold is allocated between the incentives earned by the distributor incentive program members and the other components of the sales transactions. The amount allocated to the incentives earned by the distributor incentive program members, based on the relative stand-alone selling prices, is deferred with a contract liability recognised and the related contract liabilities are recognised as revenue until the incentives are redeemed when the Group fulfils its obligations to supply products.



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**6 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)****(d) Accounting policies of revenue recognition (continued)***Rendering services*

The Group provides product processing services to customers. Revenue from providing services is recognised over a period of time based on the stage of completion of such service, which is determined by the proportion of costs incurred to the estimated total costs. As at the balance sheet date, the Group reassesses the stage of completion so as to better reflect the changes in obligation performance.

Trade receivables are recognised when the Group has an unconditional right to collection.

**7 EXPENSES BY NATURE**

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

	Notes	2025 RMB'000	2024 RMB'000
Raw materials, packaging materials, consumables and purchased commodity used		3,293,520	3,005,379
Changes in inventories of finished goods		240,624	276,862
Employee benefit expenses, including directors' emoluments	8	1,466,458	1,358,098
Promotion and advertising expenses		1,024,182	1,215,949
Depreciation of property, plant and equipment	16	197,553	166,285
Depreciation of investment property	17	5,215	4,900
Depreciation of right-of-use assets	18	25,336	19,570
Amortisation of other intangible assets	20	113,268	90,349
Transportation expenses		140,436	137,824
Office expenses		143,729	115,733
Impairment of property, plant and equipment	16	–	89
Write-down of inventories to net realisable value		45,579	110,812
Consulting expenses		109,971	101,775
Travel and entertainment expenses		81,042	73,958
Repair and maintenance expenses		80,506	71,275
Laboratory expenses		76,329	73,408
Sampling expenses		42,573	55,742
Short-term rental expenses	18	38,656	38,369
Auditors' remunerations			
– Audit and other assurance services		14,643	13,530
– Non-audit and other non-assurance services		60	235
Others		133,029	117,138
		<b>7,272,709</b>	<b>7,047,280</b>



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**8 EMPLOYEE BENEFIT EXPENSES**

The employee benefit expenses (including directors' remuneration (Note 9)) are as follows:

	2025 RMB'000	2024 RMB'000
Wages, salaries and staff expenses	968,932	956,055
Temporary staff costs	274,518	225,807
Pension schemes and other social security costs	154,139	129,374
Other employee related expenses	68,869	46,862
	<b>1,466,458</b>	<b>1,358,098</b>
Restructuring costs (Note 10)	7,276	7,899
	<b>1,473,734</b>	<b>1,365,997</b>

**9 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION****(a) Directors' remuneration**

The directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383 (1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	1,283	1,496
Other emoluments:		
Salaries, allowances and benefits in kind	6,423	7,126
Pension scheme contributions	279	259
	<b>6,702</b>	<b>7,385</b>
	<b>7,985</b>	<b>8,881</b>



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## 9 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

## (a) Directors' remuneration (continued)

Year ended 31 December 2025	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:				
Ren Zhijian	–	3,057	161	3,218
Bartle van der Meer	275	1,773	–	2,048
Zhang Zhi	–	1,593	118	1,711
	275	6,423	279	6,977
Non-executive directors:				
Han Shixiu*	–	–	–	–
Yan Junrong	–	–	–	–
Zou Ying*	–	–	–	–
	–	–	–	–
Independent non-executive directors:				
Ma Ji	366	–	–	366
Chen Fuquan*	321	–	–	321
Aidan Maurice Coleman	321	–	–	321
	1,008	–	–	1,008
	1,283	6,423	279	7,985



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## 9 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

## (a) Directors' remuneration (continued)

Year ended 31 December 2024	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:				
Ren Zhijian	–	3,232	158	3,390
Bartle van der Meer	273	1,764	–	2,037
Zhang Zhi	–	2,130	101	2,231
	273	7,126	259	7,658
Non-executive directors:				
Han Shixiu*	–	–	–	–
Yan Junrong	–	–	–	–
Zou Ying*	–	–	–	–
Zhang Zhanqiang**	67	–	–	67
Sun Donghong**	67	–	–	67
	134	–	–	134
Independent non-executive directors:				
Ma Ji	365	–	–	365
Chen Fuquan*	86	–	–	86
Aidan Maurice Coleman	319	–	–	319
Song Kungang***	319	–	–	319
	1,089	–	–	1,089
	1,496	7,126	259	8,881

\* appointed on 25 September 2024

\*\* resigned on 25 September 2024

\*\*\* resigned on 30 July 2024



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## 9 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

## (b) Five highest paid individuals

The five highest paid individuals during the year include one (2024: one) director, details of whose remuneration are set out above. Details of the remuneration for the year of the remaining four (2024: four) non-director highest paid employees of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	11,405	13,858
Pension scheme contributions	293	259
	11,698	14,117

The number of non-director highest paid employees whose remuneration fell with the following bands is as follows:

	Number of employees	
	2025	2024
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	–	2
HK\$3,500,001 to HK\$4,000,000	2	1
HK\$5,000,001 to HK\$5,500,000	–	1
	4	4



For the year ended 31 December 2025

**10 OTHER INCOME, OTHER GAINS/(LOSSES) - NET**

	Notes	2025 RMB'000	2024 RMB'000
Other income			
Government grants		29,608	43,713
Interest income		37,831	37,440
Rental income	17	13,480	9,835
		<b>80,919</b>	<b>90,988</b>
Other gains/(losses) - net			
Restructuring costs		(7,276)	(7,899)
Foreign exchange losses, net		(17,986)	(5,993)
Charitable donations		(7,863)	(2,632)
Others		(17,637)	(21,906)
		<b>(50,762)</b>	<b>(38,430)</b>

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

**11 FINANCE COSTS**

	Notes	2025 RMB'000	2024 RMB'000
Interest on bank borrowings		68,863	97,022
Interest on lease liabilities	18(c)	3,344	1,765
		<b>72,207</b>	<b>98,787</b>
Amount capitalised in construction in progress		(27,228)	(47,145)
Total interest expense		<b>44,979</b>	<b>51,642</b>
Loss on interest rate caps		-	-
		<b>44,979</b>	<b>51,642</b>



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**12 INCOME TAX (CREDIT)/EXPENSES**

	Notes	2025 RMB'000	2024 RMB'000
Current income tax expenses		31,034	70,190
Deferred income tax (credit)/expenses	32	(50,565)	(4,868)
		<u>(19,531)</u>	<u>65,322</u>

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 the Chinese mainland income tax laws, enterprises are subject to corporate income tax ("CIT") at a rate of 25% (2024: 25%). The Group's subsidiaries, Ausnutria Dairy (China) Co., Ltd. ("**Ausnutria China**") and Bioflag Co., Ltd. (subsidiaries of Bioflag Nutrition Corporation Ltd. ("**Bioflag Nutrition**")) were designated as High-tech Enterprises and were granted a preferential CIT rate of 15% for the year ended 31 December 2025 (2024: 15%). These two 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 and Huai'an City of the Chinese mainland.

Under the Netherlands income tax laws, enterprises are subject to the Netherlands CIT rate of 19% (2024: 19%) for the first EUR200,000 (2024: EUR200,000) taxable profits and 25.8% (2024: 25.8%) for taxable profits exceeding EUR200,000 (2024: EUR200,000). Ausnutria B.V. and its subsidiaries (the "**Ausnutria B.V. Group**") have been granted a preferential tax benefit in April 2022 for the assessable profits generated in the Netherlands which covers the period from 2018 to 2025 for the recognition of Ausnutria B.V. Group's contribution on research and development in the past years. The preferential tax rate is 9% for the period from 2021 to 2025, 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% (2024: 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 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5%.



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**12 INCOME TAX (CREDIT)/EXPENSES (continued)**

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 rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before income tax	169,553	312,515
Income tax at the statutory income tax rates of the respective jurisdictions	11,877	58,201
Tax effects on preferential tax rates	(11,520)	(8,348)
Non-deductible items and others, net	25,096	34,036
Profits and losses attributable to associates and joint ventures	(11,703)	4,537
Additional deduction of research and development and other expenses	(12,220)	(12,255)
Tax losses and other temporary differences for which no deferred income tax assets were recognised	20,902	17,100
Utilisation of previously unrecognised tax losses	(9,292)	(25,313)
Withholding tax on profits related to PRC subsidiaries	12,528	12,704
Deferred tax recognised on temporary differences relating to reinvestments with dividends(a)	(23,110)	–
Tax benefit under the Dutch Energy Investment Allowance (EIA) (b)	(31,706)	–
Deferred tax related to loss of investment in a subsidiary	–	(18,501)
Pillar II impact (c)	6,309	5,143
Adjustments for current tax of prior periods	3,308	(1,982)
Income tax (credit)/expenses in the consolidated statement of profit or loss	(19,531)	65,322



For the year ended 31 December 2025

## 12 INCOME TAX (CREDIT)/EXPENSES (continued)

- (a) In accordance with Announcement of the Ministry of Finance, State Taxation Administration, and Ministry of Commerce on the Tax Credit Policy for Overseas Investors' Direct Investment Using Distributed Profits (2025 No.2), where overseas investors use profits distributed by Chinese resident enterprises for qualified direct re-investments to China between 1 January 2025, and 31 December 2028, the re-investment amount is eligible to offset with the amount of future profit distribution from the Chinese resident enterprises for the purpose of calculation of the withholding income tax on profit distribution. If the offset amount in the current year is not fully utilized, the balance may be carried forward to subsequent years.

In 2025, the Group's overseas holding companies of the Chinese subsidiaries collectively reinvested a total of RMB450,000,000 to the Chinese subsidiaries. Based on the applicable relevant treaty tax rates and subject to the approval of the competent local authorities, a deductible temporary difference of RMB450,000,000 was recognised, leading to the recognition of a deferred tax asset of RMB23,110,000.

- (b) In accordance with the Dutch Energie-investeringsaftrek ("EIA") scheme, the subsidiary in Netherlands of the Group is eligible for an additional corporate income tax deduction on qualifying investments in energy-efficient and renewable energy assets. Under this scheme, a specified percentage of the eligible investment cost may be deducted from the taxable profit, in addition to regular depreciation. This results in a reduction of the subsidiary's current tax expense and improves the net economic return on such investments in Netherlands. In 2025, the qualified plant was put into use and all relevant conditions were met, resulting in the recognition of a deferred tax asset and an income tax benefit amounting to EUR3,933,000 (equivalent to RMB31,706,000).

- (c) **The Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules**

The Group has operations in the Chinese mainland, 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. The Pillar Two model rules in Hong Kong, United Arab Emirates and Australia come into effect from 1 January 2025. 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, Hong Kong, United Arab Emirates and Australia, applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group incurs 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 2025, a current income tax expense of approximately RMB6,309,000 was recognised in the statement of profit or loss of Ausnutria B.V. Group, based on management's assessment.



For the year ended 31 December 2025

**13 DIVIDENDS**

	2025 RMB'000	2024 RMB'000
Proposed final dividend – HK\$5 cents (2024: HK\$6 cents) per ordinary share	78,559	98,594

The dividends paid by the Company in 2025 and 2024 for dividends related to the years ended 31 December 2024 and 2023 amounted to approximately RMB97,152,000 and RMB80,637,000, respectively.

A dividend in respect of the year ended 31 December 2025 of HK\$5 cents per share, amounting to a total dividend of RMB78,559,000, was proposed by the directors on the board of directors' meeting held on 27 March 2026 and is to be proposed for approval at the annual general meeting of the Company to be held on 28 May 2026. These consolidated financial statements do not reflect this dividend payable.

**14 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 1,778,964,503 (2024: 1,779,927,174) in issue during the year.

	2025	2024
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations (RMB'000)	177,506	235,975
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculations	1,778,964,503	1,779,927,174
Basic and diluted – For profit for the year (RMB cents)	9.98	13.26

Diluted earnings per share for the years ended 31 December 2025 and 2024 were the same as the basic earnings per share as there were no dilutive instruments during the years.



For the year ended 31 December 2025

## 15 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2025 are set at below:

Name	Place of incorporation/ registration and place of operation	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company %	Principal activities
<b>Direct:</b>				
Spring Choice Limited	British Virgin Islands	US\$10,800	100	Investment holding
<b>Indirect:</b>				
Ausnutria Dairy Company Limited	Hong Kong	HK\$1 EUR14,517,698	100	Investment holding and the provision of financing services to the Group
Ausnutria Australia Dairy Pty Ltd	Australia	AUD500,000	100	Investment holding
Ausnutria China <sup>(1)</sup>	The Chinese mainland	RMB168,633,832	100	Production, marketing and distribution of dairy and related products in the Chinese mainland
Ausnutria Dairy (Dutch) Cooperatief U. A.	The Netherlands	EUR13,800,000	100	Investment holding
Ausnutria B.V.	The Netherlands	EUR10,465,000	100	Investment holding
Ausnutria Kampen B.V.	The Netherlands	EUR21,500	100	Manufacturing of dairy and related products
Lypack Leeuwarden B.V.	The Netherlands	EUR18,151	100	Processing and packaging of dairy and related products
Ausnutria Heerenveen Hector B.V.	The Netherlands	EUR1,000	100	Processing and packaging of dairy and related products
Ausnutria Heerenveen Pluto B.V.	The Netherlands	EUR1,000	100	Processing and packaging of dairy and related products
Ausnutria Nutrition B.V.	The Netherlands	EUR18,000	100	Marketing and distribution of goat milk nutrition products
Hyproca Nutrition (Hongkong) Company Limited	Hong Kong	HK\$1,000,000	100	Marketing and distribution of goat milk nutrition products in Hong Kong and the Chinese mainland
Hyproca Nutrition Company Limited <sup>(1)</sup>	The Chinese mainland	RMB260,000,000	100	Marketing and distribution of dairy products in the Chinese mainland
Ausnutria Private Label B.V.	The Netherlands	EUR30,403	100	Marketing and distribution of dairy products under a private label
Ausnutria Dairy Ingredients B.V.	The Netherlands	EUR18,200	100	Marketing and distribution of dairy and related products
Holland Goat Milk B.V.	The Netherlands	EUR12,953	100	Collection of goat milk in the Netherlands
Ausnutria Nutrition Europe B.V.	The Netherlands	EUR18,000	100	Marketing and distribution of dairy products in Europe



For the year ended 31 December 2025

## 15 SUBSIDIARIES (continued)

Name	Place of incorporation/ registration/ and place of operation	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company %	Principal activities
Hyproca Nutrition East Limited	Hong Kong	HK\$4,000,000	51	Marketing and distribution of dairy products
Ausnutria Nutrition ME Trading LLC	Dubai	United Arab Emirates Dirham 300,000	100	Marketing and distribution of dairy products in the Middle East
Hyproca Nutrition USA Inc.	United States of America	US\$1	100	Marketing and distribution of dairy products in the United States
Hyproca Bio-Science (Hong Kong) Company Limited	Hong Kong	HK\$50,000,000	100	Marketing and distribution of dairy products in Hong Kong
Hyproca Bio-Science Co., Ltd. <sup>(1)</sup>	The Chinese mainland	RMB10,000,000	100	Marketing and distribution of dairy products in the Chinese mainland
Changsha Kangsude Nutrition Food Co., Limited <sup>(1)</sup>	The Chinese mainland	RMB22,000,000	100	Marketing and distribution of dairy products in the Chinese mainland
Ausnutria Pty Ltd	Australia	AUD73,300,000	100	Investment holding
Australian Dairy Park Pty Ltd	Australia	AUD24,000,000	100	Manufacturing and distribution of dairy and related products
Nutrition Care Pharmaceuticals Pty Ltd	Australia	AUD44,000,000	100	Manufacturing and distribution of nutrition products
Ozfarm Royal Pty Ltd ("Ozfarm")	Australia	AUD3,000,100	100	Marketing and distribution of dairy and related products in Australia
Nutriunion (Hong Kong) Company Ltd.	Hong Kong	HK\$39,000,100	100	Marketing and distribution of nutrition products in the Chinese mainland and Hong Kong
Nutriunion (Guangzhou) Interconnection Technology Co., Ltd. <sup>(1)</sup>	The Chinese mainland	RMB86,000,000	100	Marketing and distribution of nutrition products in the Chinese mainland
Aunulife Bio-Science Co. Ltd. ("Aunulife") <sup>(1)</sup>	The Chinese mainland	RMB50,000,000	70	Marketing and distribution of nutrition products in the Chinese mainland
Bioflag Nutrition	The Cayman Islands	US\$50,000,000	87	Research and development, manufacturing and sale of probiotics and fermentation-related products
Amalthea Group B.V.	The Netherlands	EUR2,000,000	100	Manufacturing and distribution of cheese related products

<sup>(1)</sup> These companies are registered as companies with limited liability under PRC law.

<sup>(2)</sup> Allnutria Bio-Science Co., Ltd. was deregistered on 28 February 2025.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.



For the year ended 31 December 2025

**16 PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Year ended 31 December 2025</b>							
As at 1 January 2025	1,187,191	619,519	2,699	20,900	22,400	1,412,980	3,265,689
Reclassification	18,109	(18,109)	-	-	-	-	-
Additions	5,805	102,672	18	5,140	-	165,698	279,333
Disposals	(9,169)	(155)	(126)	(297)	-	(139)	(9,886)
Depreciation during the year (Note 7)	(70,789)	(112,839)	(971)	(6,509)	(6,445)	-	(197,553)
Reversal of impairment during the year	-	96	-	-	-	-	96
Transfer from construction in progress	523,700	905,783	354	10,059	-	(1,439,896)	-
Transfer out to the intangible assets (Note 20)	-	-	-	-	-	(13,438)	(13,438)
Exchange realignment	69,568	61,123	22	851	-	104,938	236,502
As at 31 December 2025	1,724,415	1,558,090	1,996	30,144	15,955	230,143	3,560,743
As at 31 December 2025							
Cost	2,199,098	2,088,243	14,366	71,923	32,286	230,143	4,636,059
Accumulated depreciation and impairment	(474,683)	(530,153)	(12,370)	(41,779)	(16,331)	-	(1,075,316)
Net carrying amount	1,724,415	1,558,090	1,996	30,144	15,955	230,143	3,560,743



For the year ended 31 December 2025

## 16 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2024							
As at 1 January 2024	1,283,936	629,356	6,940	21,542	41,239	1,156,669	3,139,682
Reclassification	16,931	95	35	(2,117)	(14,944)	-	-
Business combination	-	90,767	-	2,342	-	30,916	124,025
Additions	2,815	14,717	12	4,487	2,403	314,481	338,915
Disposals	(15,364)	(16,597)	(2,004)	(242)	-	(2,317)	(36,524)
Depreciation during the year (Note 7)	(63,623)	(87,657)	(2,277)	(6,430)	(6,298)	-	(166,285)
Reversal of impairment during the year	2,684	11,176	-	21	-	-	13,881
Transfer from construction in progress	6,470	21,088	28	1,708	-	(29,294)	-
Transfer to investment property (Note 17)	(9,624)	-	-	-	-	-	(9,624)
Transfer to assets classified as held for sales (d)	(5,663)	(23,280)	-	(31)	-	-	(28,974)
Exchange realignment	(31,371)	(20,146)	(35)	(380)	-	(57,475)	(109,407)
As at 31 December 2024	1,187,191	619,519	2,699	20,900	22,400	1,412,980	3,265,689
As at 31 December 2024							
Cost	1,592,260	1,147,459	16,540	62,906	32,286	1,412,980	4,264,431
Accumulated depreciation and impairment	(405,069)	(527,940)	(13,841)	(42,006)	(9,886)	-	(998,742)
Net carrying amount	1,187,191	619,519	2,699	20,900	22,400	1,412,980	3,265,689

- (a) As at 31 December 2025, the Group's land included in property, plant and equipment with net carrying amounts of EUR7,117,000 (equivalent to approximately RMB58,612,000) (2024: EUR7,117,000, equivalent to approximately RMB53,560,000), and AUD5,235,000 (equivalent to approximately RMB24,548,000) (2024: AUD5,235,000, equivalent to approximately RMB23,594,000) situated in the Netherlands and Australia, respectively, is held as freehold land.
- (b) The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year of 2.6% (2024: 4.2%) per annum.



For the year ended 31 December 2025

**16 PROPERTY, PLANT AND EQUIPMENT (continued)**

(c) During the year, the amounts of depreciation expense charged to profit or loss were as follows:

	2025 RMB'000	2024 RMB'000
Depreciation of property, plant and equipment (Note 7)		
– Cost of sales	159,973	128,581
– Selling expenses	8,621	6,216
– Administrative expenses	22,733	25,765
– Research and development expenses	6,226	5,723
	197,553	166,285

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives or, in the case of leasehold improvement, the shorter of lease terms, as follows:

Freehold land	Not depreciated
Buildings	25 to 35 years
Leasehold improvement	Shorter of useful lives or lease terms
Plant and machinery	5 to 15 years
Motor vehicles	5 to 10 years
Office equipment	5 to 10 years

See Note 41.4 for the other accounting policies relevant to property, plant and equipment.

(d) Assets classified as held for sale

On 16 January 2024, the Group announced a restructuring in its subsidiary, Ausnutria Ommen B.V., and signed an agreement with a third party for the sales of certain property, plant and equipment assets of Ausnutria Ommen B.V. As the consideration of the disposal was higher than the carrying value of the assets (after impairment provision), the impairment provision of the assets made in the previous years, amounting to approximately RMB13,970,000, was reversed and recognised as a gain in the consolidated profit or loss during the year ended 31 December 2024. The associated assets of Ausnutria Ommen B.V. with a net book value of EUR3,850,000 (equivalent to RMB28,974,000) (after reversal of impairment) was reclassified as held for sale on the consolidated statement of financial position as at 31 December 2024.

The disposal of assets was completed in year 2025. The total cash received in year 2025 was EUR3,850,000 (equivalent to RMB32,514,000).



For the year ended 31 December 2025

**17 INVESTMENT PROPERTY**

	2025 RMB'000	2024 RMB'000
As at 1 January	132,365	132,612
Transfer from property, plant and equipment (Note 16)	–	9,624
Addition	314	–
Depreciation during the year (Note 7)	(5,215)	(4,900)
Exchange realignment	10,341	(4,971)
As at 31 December	<u>137,805</u>	<u>132,365</u>

The balance represented an investment property which is adjacent to the Group's existing production facilities located in Heerenveen, the Netherlands. The investment property, which is leased to a third party under operating lease, is principally used for the production of tins for selling to the Group as well as other third parties. Further details are included in Note 18 to the consolidated financial statements.

The investment property included the free-hold land on which the property is erected, and the net carrying amount of the land was EUR522,000 (equivalent to approximately RMB4,299,000) (2024: EUR522,000, equivalent to approximately RMB3,929,000) as at 31 December 2025.

The fair value of the investment property as at 31 December 2025 was RMB151,036,000 (2024: RMB146,848,000).

Details of rental income from operating leases where the Group is a lessor are included in Note 18 to the consolidated financial statements.

Depreciation, except for the free-hold land which is not subject to depreciation, is calculated on the straight-line basis to write off the cost of each item of investment properties to its residual value over its estimated useful life of 20 to 40 years.

Amounts recognised in profit or loss for investment properties are as follows:

	2025 RMB'000	2024 RMB'000
Rental income		
– Other income (Note 10)	13,480	9,835
Depreciation of investment properties		
– Administrative expenses (Note 7)	(5,215)	(4,900)

See Note 41.5 for the other accounting policies relevant to investment properties.

**18 LEASES****The Group as a lessee**

The Group acquired land use rights for the land in the Chinese mainland. Lump sum payments were made upfront to acquire the leased land with lease periods of 35 to 50 years, and no ongoing payments will be made under the terms of these land leases. In addition, the Group has lease contracts for buildings, machinery and motor vehicles used in its operations. Leases of buildings and machinery generally have lease terms between 3 and 7 years, while motor vehicles generally have lease terms between 2 and 5 years. The leased assets are recognised as right of use assets, and the corresponding future lease payments are recognised as lease liabilities.



For the year ended 31 December 2025

**18 LEASES (continued)****The Group as a lessee (continued)****(a) Right-of-use assets**

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Buildings and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
As at 1 January 2024	98,577	19,101	22,885	140,563
Additions	–	5,055	2,849	7,904
Depreciation charge (Note 7)	(4,118)	(12,701)	(2,751)	(19,570)
Terminations	–	(1,017)	(424)	(1,441)
Business combination	–	59,142	320	59,462
Exchange realignment	–	(2,337)	(232)	(2,569)
As at 31 December 2024 and 1 January 2025	94,459	67,243	22,647	184,349
Additions	–	4,138	12,173	16,311
Depreciation charge (Note 7)	(2,797)	(15,061)	(7,478)	(25,336)
Terminations	–	(215)	(95)	(310)
Exchange realignment	–	6,993	613	7,606
As at 31 December 2025	91,662	63,098	27,860	182,620

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

**(b) Lease liabilities**

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
As at 1 January	114,680	37,648
New leases	16,311	7,904
Business combination	–	95,662
Interest on lease liabilities (Note 11)	3,344	1,765
Payments	(33,366)	(25,956)
Exchange realignment	10,194	(2,343)
As at 31 December	111,163	114,680
Analysed into:		
Current portion	16,632	24,503
Non-current portion	94,531	90,177
	111,163	114,680

The maturity analysis of lease liabilities is disclosed in Note 3.1(c) to the consolidated financial statements.



For the year ended 31 December 2025

**18 LEASES (continued)****The Group as a lessee (continued)***(c) The amounts recognised in profit or loss in relation to leases are as follows:*

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities		
– Finance cost (Note 11)	3,344	1,765
Depreciation charge for right-of-use assets (Note 7)		
– Cost of sales	6,110	7,163
– Selling expenses	3,184	4,242
– Administrative expenses	16,042	8,165
– Research and development expenses	–	–
	25,336	19,570
Expense relating to short-term leases (Note 7)	38,656	38,369
Total amount recognised in profit or loss	67,336	59,704

*(d) The total cash outflow for leases is disclosed in Note 35(c) to the consolidated financial statements.***The Group as a lessor**

The Group leases its investment property (Note 17) consisting of a factory building in the Netherlands under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB13,480,000 (2024: RMB9,835,000) (Note 10).

As at 31 December 2025, the undiscounted lease income receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 1 year	6,727	6,315
After 1 year but within 5 years	26,439	25,597
After 5 years	15,885	20,133
	49,051	52,045

See Note 41.6 for the other accounting policies relevant to leases.



For the year ended 31 December 2025

**19 GOODWILL**

	RMB'000
As at 1 January 2024:	
Cost	373,407
Accumulated impairment	(181,182)
	<hr/>
Net carrying amount	192,225
	<hr/>
As at 1 January 2024	192,225
Business combination	185,699
Exchange realignment	(9,866)
	<hr/>
As at 31 December 2024	368,058
	<hr/>
As at 31 December 2024:	
Cost	536,483
Accumulated impairment	(168,425)
	<hr/>
Net carrying amount	368,058
	<hr/>
As at 1 January 2025	368,058
Exchange realignment	25,257
	<hr/>
As at 31 December 2025	393,315
	<hr/>
As at 31 December 2025:	
Cost	568,549
Accumulated impairment	(175,234)
	<hr/>
Net carrying amount	393,315
	<hr/>

**Impairment testing of goodwill**

The Group's goodwill acquired through business combinations is allocated to the following cash-generating units ("CGU") for impairment testing:

Dairy and related products segment:

- Amalthea Group B.V. CGU;
- Ausnutria B.V. CGU;
- Youluck CGU;
- ADP CGU; and
- Ozfarm CGU.



For the year ended 31 December 2025

## 19 GOODWILL (continued)

### Impairment testing of goodwill (continued)

Nutrition products segment:

- Bioflag Nutrition CGU; and
- Nutrition Care ("NC") nutrition business CGU.

The carrying amount of goodwill allocated to each of the CGUs is as follows:

### CGU

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Amalthea Group B.V.* (a)	198,168	181,089
Bioflag Nutrition (b)	84,703	84,703
Ausnutria B.V.* (c)	83,633	76,424
ADP*	11,088	10,657
NC nutrition business*	8,854	8,510
Ozfarm*	4,290	4,123
Youluck*	2,579	2,552
	<b>393,315</b>	<b>368,058</b>

\* The change in carrying amounts mainly due to foreign exchange difference of translation at year end.

Management has determined the key assumptions as follows:

Compound annual growth rate of revenue during the projection period	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Gross margin (% of revenue)	Based on past performance and management's expectations for the future.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate.



For the year ended 31 December 2025

**19 GOODWILL (continued)****Impairment testing of goodwill (continued)**

The details of the related key assumptions used in the value-in-use (“VIU”) calculation supporting the recoverable amounts of the material goodwill amounts are set out below:

**(a) Amalthea Group B.V.**

	2025	2024
Compound annual growth rate of revenue during the projection period	8.1%	7.5%
Gross margin (% of revenue)	15.6%	15.6%
Long-term growth rate	2.1%	2.1%
Pre-tax discount rate	12.0%	12.3%

**(b) Bioflag Nutrition CGU**

	2025	2024
Compound annual growth rate of revenue during the projection period	17.6%	20.5%
Gross margin (% of revenue)	29.1%	32.6%
Long-term growth rate	2.0%	2.0%
Pre-tax discount rate	12.7%	13.2%

If the gross margin used in the value in use calculation for the Bioflag Nutrition CGU had been 2% lower than management’s estimates at 31 December 2025, the Group would have had to recognise an impairment against the carrying amount. If the discount rate had been 1% higher than management’s estimates at 31 December 2025, the Group would have had to recognise an impairment against the carrying amount. The directors and management have considered and assessed reasonably possible changes for long-term growth rate and have not identified any instances that could cause the carrying amount of the Bioflag Nutrition CGU to exceed its recoverable amount.

**(c) Ausnutria B.V. CGU**

	2025	2024
Compound annual growth rate of revenue during the projection period	6.9%	7.6%
Gross margin (% of revenue)	31.6%	24.1%
Long-term growth rate	2.0%	2.0%
Pre-tax discount rate	12.2%	12.3%

If the gross margin used in the value in use calculation for the Ausnutria B.V. CGU had been 1.6% lower than management’s estimates at 31 December 2025, the Group would have had to recognise an impairment against the carrying amount. If the discount rate had been 0.6% higher than management’s estimates at 31 December 2025, the Group would have had to recognise an impairment against the carrying amount. The directors and management have considered and assessed reasonably possible changes for long-term growth rate and have not identified any instances that could cause the carrying amount of the Ausnutria B.V. CGU to exceed its recoverable amount.

See Note 41.7 (i) for the other accounting policies relevant to goodwill.



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## 20 OTHER INTANGIBLE ASSETS

	Non-patent technology and licences RMB'000	Trademarks RMB'000	Software RMB'000	Milk collection right RMB'000	Customer relationships RMB'000	Total RMB'000
<b>Year ended 31 December 2025</b>						
As at 1 January 2025	153,267	27,012	197,545	54,440	68,825	501,089
Transfer from construction in progress (Note 16)	–	–	13,438	–	–	13,438
Additions	18,292	–	22,607	–	–	40,899
Disposals	(11)	–	(150)	–	–	(161)
Amortisation during the year (Note 7)	(39,757)	(4,866)	(34,713)	(28,833)	(5,099)	(113,268)
Exchange realignment	9,900	842	9,035	4,458	6,087	30,322
<b>As at 31 December 2025</b>	<b>141,691</b>	<b>22,988</b>	<b>207,762</b>	<b>30,065</b>	<b>69,813</b>	<b>472,319</b>
<b>As at 31 December 2025:</b>						
Cost	335,247	115,164	371,043	120,495	86,962	1,028,911
Accumulated amortisation and impairment	(193,556)	(92,176)	(163,281)	(90,430)	(17,149)	(556,592)
<b>Net carrying amount</b>	<b>141,691</b>	<b>22,988</b>	<b>207,762</b>	<b>30,065</b>	<b>69,813</b>	<b>472,319</b>
<b>Year ended 31 December 2024</b>						
As at 1 January 2024	194,386	40,092	201,324	72,564	–	508,366
Reclassification	–	(5,949)	–	–	5,949	–
Additions	5,871	–	28,026	–	–	33,897
Business combination	–	–	2,856	–	66,816	69,672
Disposals	(1,372)	–	(1,070)	–	–	(2,442)
Amortisation during the year (Note 7)	(38,203)	(4,978)	(29,394)	(15,460)	(2,314)	(90,349)
Exchange realignment	(7,415)	(2,153)	(4,197)	(2,664)	(1,626)	(18,055)
<b>As at 31 December 2024</b>	<b>153,267</b>	<b>27,012</b>	<b>197,545</b>	<b>54,440</b>	<b>68,825</b>	<b>501,089</b>
<b>As at 31 December 2024:</b>						
Cost	297,947	112,249	332,392	110,110	80,417	933,115
Accumulated amortisation and impairment	(144,680)	(85,237)	(134,847)	(55,670)	(11,592)	(432,026)
<b>Net carrying amount</b>	<b>153,267</b>	<b>27,012</b>	<b>197,545</b>	<b>54,440</b>	<b>68,825</b>	<b>501,089</b>



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**20 OTHER INTANGIBLE ASSETS (continued)**

During the year, the amounts of amortisation expense charged to profit or loss were as follows:

	2025 RMB'000	2024 RMB'000
Amortisation of other intangible assets (Note 7)		
– Cost of sales	111	–
– Selling expenses	40,743	36,397
– Administrative expenses	62,818	45,601
– Research and development expenses	9,596	8,351
	113,268	90,349

Amortisation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter of lease terms as follows:

Non-patent technology and licence	5 to 10 years
Trademarks	5 to 10 years
Software	5 to 10 years
Milk collection right	10 years
Customer relationships	8 to 20 years

See Note 41.7 for the other accounting policies relevant to other intangible assets.

**21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The Group classifies the following financial assets at FVTPL:

- debt instruments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income (“FVOCI”),
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income (“OCI”).



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**21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

As at 31 December 2025 and 2024, financial assets at FVTPL comprised the following investments:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Equity investments in unlisted companies		
– MAKUKU.com	27,755	28,385

During the year ended 31 December 2025, the Group invested in 2.3% equity holding of MAKUKU.com, a company engaged in the business of e-commerce business partner services, brand management and self-brand product distribution. As at 31 December 2025, the fair value of the above unlisted shares held by the Company was USD3,949,000 (equivalent to RMB27,755,000), which was determined using market approach.

**22 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Share of net assets	179,979	126,584
Goodwill on acquisitions	–	–
	<b>179,979</b>	<b>126,584</b>

	As at 31 December	
	2025 RMB'000	2024 RMB'000
As at 1 January	126,584	318,793
Share of gains/(losses) of associates and joint ventures	44,088	(17,552)
Dividends received	–	–
Transferred to investments in subsidiaries	–	(167,334)
Exchange realignment	9,307	(7,323)
As at 31 December	<b>179,979</b>	<b>126,584</b>



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**22 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)**

Set out below are the associates and joint ventures of the Group as at 31 December 2025 and 2024. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2025 %	2024 %			2025 RMB'000	2024 RMB'000
Farmel Holding B.V. <sup>(1)</sup>	The Netherlands	50.0	50.0	Joint venture	Equity method	120,440	67,244
Hangzhou Investment Management Partnership	The Chinese mainland	42.7	42.7	Associate	Equity method	34,243	34,243
CCIC Europe Food Test B.V. Heerenveen	The Netherlands	40.0	40.0	Associate	Equity method	21,509	20,071
Inner Mongolia Yiqi Technology Co., Ltd. <sup>(2)</sup>	The Chinese mainland	7.0	7.0	Associate	Equity method	3,787	3,662
Folo Holding BV	The Netherlands	50.0	50.0	Joint venture	Equity method	–	1,364
<i>Joint ventures disposed in 2025</i>							
Bella Belle (Hainan) Import and Export Trading Co. Ltd.	The Chinese mainland	–	35.0	Joint venture	Equity method	–	–
						<b>179,979</b>	<b>126,584</b>

<sup>(1)</sup> Farmel Holding B.V. and its subsidiaries (the “Farmel Group”) is principally engaged in the collection and trading of milk and dairy related commodities in Europe. The purpose of the investment is to secure the long term milk supply for the Group’s operations in the Netherlands.

<sup>(2)</sup> Through a shareholder agreement, the Group is guaranteed one seat on the board of Inner Mongolia Yiqi Technology Co., Ltd. and participates in all significant financial and operating decisions. The Group has therefore determined that it has significant influence over this entity, even though it only holds 7.0% of the voting rights.



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**22 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)**<sup>(3)</sup> Disclosure about material associates and joint ventures

Summarised financial information of material associates and joint ventures

The tables below provide summarised financial information for the Group's material associates and joint ventures. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts. The amounts have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

**Farmel Group****Summarised statement of financial position**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Current assets	961,612	738,226
Non-current assets	157,552	171,313
Current liabilities	(838,341)	(736,379)
Non-current liabilities	(39,943)	(38,672)
Net assets	240,880	134,488
Reconciliation to carrying amounts:		
Opening net assets at 1 January	134,488	185,774
Profit/(Loss) for the year	91,739	(44,526)
Exchange realignment	14,653	(6,760)
Closing net assets	240,880	134,488
Group's share in %	50.0	50.0
Group's share in the investee	120,440	67,244
Carrying amount	120,440	67,244



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**22 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)**<sup>(3)</sup> Disclosure about material associates and joint ventures (continued)

Summarised financial information of material associates and joint ventures (continued)

**Farmel Group****Summarised statement of comprehensive income**

	2025 RMB'000	2024 RMB'000
Revenue	6,439,351	5,177,538
Interest income	5,112	24,648
Interest expense	(19,124)	(32,203)
Income tax expense	(16,109)	(6,866)
Profit/(Loss) for the year	91,739	(44,526)
Total comprehensive income/(loss)	91,739	(44,526)

<sup>(4)</sup> Individually immaterial associates

In addition to the interests in material associates and joint ventures disclosed above, the information about the Group's interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method is as follows:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial associates	59,539	59,340
Aggregate amounts of the Group's share of (loss)/profit and comprehensive income from continuing operations	(1,782)	2,448



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**23 INVENTORIES**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Raw materials	339,801	383,316
Finished goods	1,091,289	1,282,496
Semi-finished goods	330,480	182,825
Others	219,491	81,614
	<b>1,981,061</b>	<b>1,930,251</b>

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB3,579,723,000 (2024: RMB3,393,053,000) for the year ended 31 December 2025.

The Group provided write-down of inventories to net realisable value amounting to RMB45,579,000 (2024: RMB110,812,000). These were recognised as an expense during the year ended 31 December 2025 (Note 7).

**24 TRADE AND BILLS RECEIVABLES**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade receivables from third parties	740,197	636,973
Trade receivables from related parties (Note 38(b))	62,862	87,834
	<b>803,059</b>	<b>724,807</b>
Bills receivables	7,280	5,339
Less: Provision for impairment of trade receivables (Note 3.1(b))	(112,617)	(40,568)
	<b>697,722</b>	<b>689,578</b>

The Group normally allows a credit period from 1 to 6 months (2024: 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.



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**24 TRADE AND BILLS RECEIVABLES (continued)**

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	
	2025 RMB'000	2024 RMB'000
Within 3 months	564,567	465,415
3 to 6 months	53,990	144,148
6 months to 1 year	105,529	81,161
Over 1 year	78,973	34,083
	<b>803,059</b>	<b>724,807</b>

The Group applies the simplified approach to provide for ECLs which was a lifetime expected loss allowance for all trade receivables as prescribed by IFRS 9. Details of the expected loss rates based on the payment profile of sales are set out in Note 3.1(b).

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

**25 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Prepayments, other receivables and other assets from related parties (Note 38(b))	5,448	1,422
Prepayments and deposits	171,359	193,369
Other tax recoverable	103,348	129,377
Others	5,300	13,831
	<b>285,455</b>	<b>337,999</b>
Impairment of other receivables	(1,156)	(5,968)
	<b>284,299</b>	<b>332,031</b>
Classified as:		
Non-current assets	54,285	68,654
Current assets	230,014	263,377
	<b>284,299</b>	<b>332,031</b>



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**26 CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Current		
Cash and bank balances	909,495	1,224,005
Time deposits	21,778	206,221
	931,273	1,430,226
Non-current		
Long-term time deposits, with maturity over one year	923,460	224,050
Total of cash at bank and on hand	1,854,733	1,654,276
Less: Restricted cash	(1,917)	(9,302)
Less: Time deposits	(21,778)	(206,221)
Less: Long-term time deposits, with maturity over one year	(923,460)	(224,050)
Cash and cash equivalents	907,578	1,214,703

As at 31 December 2025 and 2024, total of cash at bank and on hand were denominated in the following currencies:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
RMB	1,488,662	1,369,392
US\$	182,336	123,805
EUR	104,065	65,896
HK\$	11,554	37,068
Others	68,116	58,115
	1,854,733	1,654,276

The restricted cash as at 31 December 2025 and 2024 represented deposits for bank borrowings and other restricted cash.

The Group's cash at bank and on hand denominated in RMB in the Chinese mainland is not freely convertible in the international market. However, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to convert RMB into other currencies through banks to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on published daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.



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**27 TRADE AND BILLS PAYABLES**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade payables to third parties	500,298	502,108
Trade payables to related parties (Note 38(b))	37,413	31,837
	<b>537,711</b>	<b>533,945</b>

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:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 12 months	531,347	529,186
Over 12 months	6,364	4,759
	<b>537,711</b>	<b>533,945</b>

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.

**28 OTHER PAYABLES AND ACCRUALS**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Other payables and accruals to related parties (Note 38(b))	100	5,000
Deposits	77,487	87,530
Accrued salaries and welfare	174,590	166,238
Other tax payables	61,199	85,121
Other payables	174,727	169,302
Accrued promotion and advertising expenses	87,642	114,114
Other accruals	36,695	33,956
	<b>612,440</b>	<b>661,261</b>

Other payables are non-interest-bearing and have no fixed terms of repayment.

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



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**29 BANK BORROWINGS**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Current:		
Bank borrowings – unsecured <sup>(a)</sup>	2,488,545	2,137,671
Bank borrowings – secured <sup>(b)</sup>	20,193	45
	<b>2,508,738</b>	<b>2,137,716</b>

As at 31 December 2025, bank borrowings consisted of:

- (a) Bank borrowings of EUR302,173,000 (equivalent to RMB2,488,545,000) (as at 31 December 2024: EUR284,049,000 (equivalent to RMB2,137,671,000)) which were supported by corporate guarantee provided by the ultimate shareholder, Yili Industrial.
- (b) Bank borrowings of Taiwan dollars 200,000 (equivalent to RMB45,000) (as at 31 December 2024: Taiwan dollars 200,000 (equivalent to RMB45,000)) were secured by a joint and several guarantee provided by Li Yuzheng and by restricted cash of TWD417,000 (equivalent to RMB94,000) (2024:RMB91,000).

Bank borrowings of EUR2,447,000 (equivalent to RMB20,148,000) (31 December 2024: Nil) within a facility amounting to EUR10,000,000 (equivalent to RMB82,355,000), which were pledged by total commercial assets amounting to EUR2,447,000 (equivalent to RMB20,148,000) of Amalthea Group B.V., a wholly-owned subsidiary of the Group. The Group has complied with the financial covenants of its bank loans during both periods presented, see note 3.2 for details.

The carrying amounts of the Group's bank borrowings approximated their fair values as at the balance sheet date, due to their short-term nature.

The Group's weighted average effective interest rates on borrowings at the balance sheet date were as follows:

	As at 31 December	
	2025	2024
Short-term bank borrowings	2.64%	4.30%



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### 30 DEFINED BENEFIT PLAN

Ausnutria Ommen B.V., the Group's major subsidiary in the Netherlands, operates an unfunded defined benefit plan for all its qualifying employees. Under the plan, the employees are entitled to retirement benefits at rates varying from 0% to 70% of their final salaries on attainment of a retirement age of 67 (2024: age of 67).

The employees who participate in this defined benefit plan were moved to another pension plan which was treated as a defined contribution plan from 1 January 2015. All the rights from previous years will remain in the old defined benefit plan. Sensitivity on future salaries and pension costs is not applicable for the Group's defined benefit plan.

The Group's defined benefit plan is a final salary plan, which requires contributions to be made to a separately administered fund. The plan has the legal form of a foundation and it is administrated by independent trustees with the assets held separately from those of the Group. The trustees are responsible for the determination of the investment strategy of the plan.

The trustees review the level of funding in the plan by the end of each reporting period. Such a review includes the asset-liability matching strategy and investment risk management policy. The trustees decide the amount of contribution based on the results of the annual review.

The plan is exposed to interest rate risk, the risk of changes in the life expectancy for pensioners and equity market risk.

The most recent actuarial valuations of the plan's assets and the present value of the defined benefit obligations were carried out on 31 December 2025 by Ernst & Young Actuarissen B.V. in the Netherlands, using the projected unit credit actuarial valuation method. The undersigned actuary of the actuarial valuation is Eva Wieringa, a registered actuary and member of The Royal Dutch Actuarial Association in the Netherlands.

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	As at 31 December	
	2025	2024
Discount rate (%)	4.10	3.45
Expected rate of future pension cost increases (%)	4.10	3.45
Expected rate of salary increases (%)	1.25	1.25
Indexation post activities (%)	0.00	0.00

The actuarial valuation showed that the market value of plan assets was RMB22,920,000 as at 31 December 2025 (31 December 2024: RMB22,984,000) and that the actuarial value of these assets represented 96.0% (2024: 96.0%) of the benefits that had been accrued to qualifying employees. The deficiency of RMB955,000 as at 31 December 2025 (31 December 2024: RMB948,000) is expected to be cleared over the remaining life expectancy (based on unconditional future indexations for active and post-active participants).



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**30 DEFINED BENEFIT PLAN (continued)**

The amounts recognised in the statement of financial position and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation RMB'000	Fair value of plan assets RMB'000	Total RMB'000
As at 1 January 2024	26,077	(24,254)	1,823
Additional charges	–	23	23
Interest expense	818	–	818
Return on plan assets (excluding amounts included in net interest expense)	–	(787)	(787)
Total amount recognised in profit or loss	818	(764)	54
Remeasurements			
Loss from change in demographic assumptions	(23)	23	–
Loss from change in financial assumptions	(517)	510	(7)
Experience losses	(324)	(409)	(733)
Total amount recognised in OCI	(864)	124	(740)
Exchange differences	(1,080)	891	(189)
Contributions by the employer	–	–	–
Benefit payments	(1,019)	1,019	–
As at 31 December 2024	23,932	(22,984)	948
Additional charges	–	24	24
Interest expense	863	–	863
Return on plan assets (excluding amounts included in net interest expense)	–	(839)	(839)
Total amount recognised in profit or loss	863	(815)	48
Remeasurements			
Loss from change in demographic assumptions	–	–	–
Loss from change in financial assumptions	(2,056)	2,048	(8)
Experience losses	(8)	(81)	(89)
Total amount recognised in OCI	(2,064)	1,967	(97)
Exchange differences	2,208	(2,152)	56
Contributions by the employer	–	–	–
Benefit payments	(1,064)	1,064	–
As at 31 December 2025	23,875	(22,920)	955



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**30 DEFINED BENEFIT PLAN (continued)**

Expected contributions to the defined benefit plan in future years are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within the next 12 months	1,087	978
Between 2 and 4 years	4,241	3,078
Between 2 and 5 years	5,444	4,162
Between 4 and 9 years	9,199	8,180
Between 5 and 10 years	6,704	7,134
Total expected contributions	26,675	23,532

The average duration of the defined benefit obligations at the end of the reporting period was 10 (2024: 15) years.

**31 DEFERRED REVENUE**

The movement in deferred revenue was as follows:

	2025 RMB'000	2024 RMB'000
As at 1 January	78,854	81,020
Addition	277	–
Charged to the consolidated statement of profit or loss	(152)	(2,166)
As at 31 December	78,979	78,854

On 22 May 2018, the Group purchased two plots of land in Changsha city of Hunan province, the PRC, for the construction of the building of the PRC headquarters of the Group. In order to support the long-term growth of the Group, Ausnutria China received government grants as financial subsidies to support the development.

Such government grants received are treated as deferred revenue and are amortised and recognised as “Other income” over the expected useful life of the building of the PRC headquarters of the Group.

**32 DEFERRED TAX ASSETS AND LIABILITIES**

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Deferred income tax assets:		
Deferred tax assets to be recovered after 12 months	351,248	260,708
Deferred tax assets to be recovered within 12 months	105,326	123,122
Deferred income tax assets – gross	456,574	383,830
Set-off of deferred income tax assets	(47,904)	(18,848)
Deferred income tax assets – net	408,670	364,982



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## 32 DEFERRED TAX ASSETS AND LIABILITIES (continued)

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Deferred income tax liabilities:		
Deferred tax liabilities to be recovered after 12 months	93,563	83,608
Deferred tax liabilities to be recovered within 12 months	7,038	6,914
Deferred income tax liabilities – gross	100,601	90,522
Set-off of deferred income tax liabilities	(47,904)	(18,848)
Deferred income tax liabilities – net	52,697	71,674

The movements in gross deferred tax assets and liabilities of the Group during the year are as follows:

## (a) Deferred income tax assets

Year ended 31 December 2025

	Losses available for offsetting against future taxable income RMB'000	Deductible temporary differences RMB'000	Unrealised profit RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2025	279,323	53,979	22,510	28,018	383,830
Deferred tax credited/(charged) to profit or loss during the year	71,979	856	(3,191)	12,559	57,085
Exchange realignment	11,992	2,213	102	1,352	15,659
As at 31 December 2025	363,294	57,048	19,421	16,811	456,574

Year ended 31 December 2024

	Losses available for offsetting against future taxable income RMB'000	Deductible temporary differences RMB'000	Unrealised profit RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	285,690	50,115	19,003	18,736	373,544
Deferred tax credited/(charged) to profit or loss during the year	35	8,000	3,557	11,792	23,384
Exchange realignment	(6,402)	(4,136)	(50)	(2,510)	(13,098)
As at 31 December 2024	279,323	53,979	22,510	28,018	383,830



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## 32 DEFERRED TAX ASSETS AND LIABILITIES (continued)

## (b) Deferred income tax liabilities

Year ended 31 December 2025

	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Withholding taxes RMB'000	Total RMB'000
As at 1 January 2025	18,849	43,465	28,208	90,522
Deferred tax charged/(credited) to profit or loss during the year	6,767	(9,088)	8,841	6,520
Exchange realignment	1,748	2,473	(662)	3,559
As at 31 December 2025	27,364	36,850	36,387	100,601

Year ended 31 December 2024

	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Withholding taxes RMB'000	Total RMB'000
As at 1 January 2024	9,422	29,932	49,410	88,764
Deferred tax charged/(credited) to profit or loss during the year	9,998	(4,161)	12,679	18,516
Business combination	–	19,820	–	19,820
Withholding tax payment	–	–	(35,275)	(35,275)
Exchange realignment	(571)	(2,126)	1,394	(1,303)
As at 31 December 2024	18,849	43,465	28,208	90,522

Deferred income tax assets are recognised for the tax losses that the Group's management expects that it is probable that taxable profits will be available against which the above tax losses and deductible temporary differences can be utilised in the future years.

As at 31 December 2025, the Group has not recognised deferred income tax assets amounting to RMB71,357,000 (31 December 2024: RMB83,607,000) in respect of tax losses amounting to RMB319,826,000 (31 December 2024: RMB373,447,000) that are available for offsetting against future taxable profits, as they are related to subsidiaries that have been loss-making and it is not considered probable that taxable profits will be available against which the tax losses can be utilised in the foreseeable future.



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**32 DEFERRED TAX ASSETS AND LIABILITIES (continued)**

Pursuant to the Chinese mainland CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the Chinese mainland. The requirement is effective from 1 January 2008 and applies to earnings since 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty between the Chinese mainland and the jurisdiction of the foreign investors. The Group's foreign investor holding companies are subject to 5% and 10% withholding income tax rates where applicable. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the Chinese mainland in respect of earnings generated from 1 January 2008.

As at 31 December 2025, the Group has not recognised deferred income tax liabilities of RMB114,643,000 (31 December 2024: RMB129,827,000) in respect of the withholding tax on the unremitted earnings of subsidiaries amounting to RMB2,292,867,000 (31 December 2024: RMB2,596,542,000) that would be payable upon the distribution of these retained profits out of the PRC subsidiaries, as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

**33 SHARE CAPITAL****(a) Authorised shares**

	Number of authorised shares '000
At 1 January 2024 till 31 December 2025	3,000,000

**(b) Issued shares**

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Issued and fully paid: 1,778,144,841 (2024: 1,779,538,841) ordinary shares of HK\$0.10 each	177,815	177,954

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue '000	Share capital RMB'000
As at 1 January 2024	1,780,112	154,226
Cancellation of shares <sup>(a)</sup>	(573)	(53)
As at 31 December 2024	1,779,539	154,173
Cancellation of shares <sup>(b)</sup>	(1,394)	(129)
As at 31 December 2025	1,778,145	154,044



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### 33 SHARE CAPITAL (continued)

(b) **Issued shares (continued)**

- (a) During the year ended 31 December 2024, the Company repurchased 573,000 ordinary shares of its own through the Stock Exchange of Hong Kong Limited. The shares were cancelled during the year and the total value of the shares repurchased of approximately HK\$1,074,160 (equivalent to RMB979,649) was deducted from shareholders' equity.
- (b) During the year ended 31 December 2025, the Company repurchased 1,394,000 ordinary shares of its own through the Stock Exchange of Hong Kong Limited. The shares were cancelled during the year and the total value of the shares repurchased of approximately HK\$2,674,790 (equivalent to RMB2,473,185) was deducted from shareholders' equity.

### 34 RESERVES

(i) **Capital reserve**

The capital reserve represents the net difference between the aggregate of the issued paid-in capital of subsidiaries comprising the Group and contribution from the then owners pursuant to a reorganisation for listing of the Company in 2009.

(ii) **Statutory surplus reserve**

According to the Chinese mainland Company Law, each of the Chinese mainland subsidiaries of the Group is required to transfer 10% of its after tax profit, calculated in accordance with the Chinese mainland accounting standards and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The statutory surplus reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of the Chinese mainland subsidiaries, provided that such fund is maintained at a minimum level of 25% of the registered capital.

(iii) **Exchange fluctuation reserve**

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of subsidiaries with presentation currencies other than RMB.



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## 35 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

## (a) Cash generated from operations

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Profit before tax		169,553	312,515
Adjusted for:			
Finance costs	11	44,979	51,642
Interest income	10	(37,831)	(37,440)
Share of profits and losses of investments accounted for using the equity method	22	(44,088)	17,552
Depreciation of property, plant and equipment	7	197,553	166,285
Depreciation of investment property	7	5,215	4,900
Depreciation of right-of-use assets	7	25,336	19,570
Amortisation of other intangible assets	7	113,268	90,349
Write-down of inventories to net realisable value	7	45,579	110,812
Reversal of for impairment of property, plant and equipment		(96)	(13,881)
Net impairment losses on financial assets	3.1(b)	74,961	26,008
Loss on disposal of items of property, plant and equipment		7,328	5,797
Losses on disposal of other intangible assets		–	165
Remeasurement gains on defined benefit plans	30	48	54
Decrease in inventories		2,289	31,218
Increase in trade and bills receivables		(45,745)	(29,419)
Decrease/(Increase) in prepayments, other receivables and other assets		65,900	(26,580)
Decrease in trade and bills payables		(36,035)	(74,755)
Decrease in other payables and accruals and contract liabilities		(103,562)	(241,964)
Cash generated from operations		484,652	412,828
Interest received		21,754	29,151
Interest paid		(68,902)	(94,917)
Income tax paid		(65,068)	(47,688)
Net cash flows generated from operating activities		372,436	299,374



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**35 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)****(b) Changes in liabilities arising from financing activities**

	Bank borrowings RMB'000	Lease liabilities RMB'000
<b>Year ended 31 December 2025</b>		
As at 1 January 2025	2,137,716	114,680
Changes from financing cash flows	164,188	(33,366)
Foreign exchange movement	206,834	10,194
Interests	–	3,344
New leases	–	16,311
	<b>2,508,738</b>	<b>111,163</b>
<b>Year ended 31 December 2024</b>		
As at 1 January 2024	2,377,952	37,648
Changes from financing cash flows	(146,113)	(25,956)
Business combination	–	95,662
Foreign exchange movement	(94,123)	(2,343)
Interests	–	1,765
New leases	–	7,904
	<b>2,137,716</b>	<b>114,680</b>

**(c) Total cash outflow for leases**

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	38,656	38,369
Within financing activities	33,366	25,956
	<b>72,022</b>	<b>64,325</b>



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**36 CAPITAL COMMITMENTS**

The Group had the following capital commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Plant and machinery	62,568	108,583
Other intangible assets	33	1,640
Land and buildings	–	1,201
	<b>62,601</b>	<b>111,424</b>

**37 PARTLY OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS**

Details of the Group's subsidiaries that have material non-controlling interests ("NCI") are set out below:

**(a) Bioflag Nutrition**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
<b>Summarised statement of financial position</b>		
Current assets	162,209	117,078
Current liabilities	(178,870)	(121,009)
Net current assets/(liabilities)	(16,661)	(3,931)
Non-current assets	190,444	178,380
Non-current liabilities	(125)	–
Net non-current assets	190,319	178,380
Net assets	<b>173,658</b>	<b>174,449</b>
Accumulated NCI	<b>23,318</b>	<b>23,424</b>
<b>Summarised statement of comprehensive income</b>		
Revenue	159,042	147,496
(Loss)/Profit for the year	(1,836)	2,016
Total comprehensive (loss)/income	(1,836)	2,016
Loss allocated to NCI	(247)	(214)
Dividends paid to NCI	–	–



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### 37 PARTLY OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

(a) **Bioflag Nutrition (continued)**

After a series of equity transactions in 2024, the Group's equity interest in Bioflag Nutrition was 86.57% as at 31 December 2025 and 2024.

(b) **Hyproca Nutrition East Ltd.**

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Summarised statement of financial position		
Current assets	145,246	106,985
Current liabilities	(68,867)	(51,127)
Net current assets	76,379	55,858
Non-current assets	693	687
Non-current liabilities	(762)	(592)
Net non-current assets	(69)	95
Net assets	76,310	55,953
Accumulated NCI	37,392	27,417
Summarised statement of comprehensive income		
Revenue	232,403	165,879
Profit for the year	31,700	27,320
Total comprehensive income	31,700	27,320
Profit allocated to NCI	15,533	13,387
Dividends paid to NCI	(8,296)	–

The Group's equity interest in Hyproca Nutrition East Ltd. remained at 51% during the years ended 31 December 2025 and 2024.



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**38 RELATED PARTY TRANSACTIONS**

The ultimate holding company of the Group is Yili Industrial. The directors of the Company are of the view that the subsidiaries of Yili Industrial, the joint ventures and associates of the Group are regarded as related parties.

- (a) In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

	2025 RMB'000	2024 RMB'000
<i>Continuing connected transactions:</i>		
Purchases of products from the subsidiaries of Yili Industrial	202,964	163,995
Sales of products to the subsidiaries of Yili Industrial	77,195	57,876
Services received from the subsidiaries of Yili Industrial <sup>(i)</sup>	9,459	5,464
Provision of services to the subsidiaries of Yili Industrial	26,582	5,370
Interests charged to the subsidiaries of Yili Industrial <sup>(i)</sup>	1,592	–
<i>Non-connected transactions:</i>		
Purchases of products from the associates and joint ventures of the Group	152,373	266,930
Sales of products to the associates and joint ventures of the Group	53,393	232,664
Interests charged from joint ventures	2,001	2,759

The above transactions with related parties were carried out in accordance with the terms of the underlying agreement or the terms and conditions mutually agreed by the parties involved where applicable.

- <sup>(i)</sup> The services received from the subsidiaries of Yili Industrial constituted continuing connected transactions as defined in Chapter 14A of the Main Board Listing Rules. The transactions are exempt from shareholders' approval and disclosure and other requirements under Chapter 14A.76 of the Listing Rules because the individual contract amounts are all below the de minimis threshold under Rule 14A.76(1).

Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	11,371	12,058
Retirement benefit contributions	545	524
Total compensation paid to key management personnel	11,916	12,582

All the compensation of key management personnel of the Group has been paid before 27 March 2026.



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## 38 RELATED PARTY TRANSACTIONS (continued)

## (b) Outstanding balances with related parties:

## (i) Due from related parties

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade and bills receivables (Note 24)		
Amounts due from associates and joint ventures of the Group	49,928	60,517
Amounts due from the subsidiaries of Yili Industrial	12,934	27,317
	<u>62,862</u>	<u>87,834</u>
Prepayments, other receivables and other assets (Note 25)		
Amounts due from the subsidiaries of Yili Industrial	5,448	1,422
Cash and cash equivalents		
Short-term deposits in a subsidiary of Yili Industrial	100,434	103,361

## (ii) Due to related parties

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade and bills payables (Note 27)		
Amounts due to associates and joint ventures of the Group	8,307	12,116
Amounts due to the subsidiaries of Yili Industrial	29,106	19,721
	<u>37,413</u>	<u>31,837</u>
Other payables and accruals (Note 28)		
Amounts due to associates and joint ventures of the Group	100	5,000



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**39 FINANCIAL INSTRUMENTS BY CATEGORY**

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2025

**Financial assets**

	Financial assets at FVTPL RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables (Note 24)	–	697,722	697,722
Financial assets included in prepayments, other receivables and other assets	–	16,531	16,531
Financial assets at FVTPL (Note 21)	27,755	–	27,755
Time deposits (Note 26)	–	21,778	21,778
Long-term time deposits, with original maturity over one year (Note 26)	–	923,460	923,460
Restricted cash (Note 26)	–	1,917	1,917
Cash and cash equivalents (Note 26)	–	907,578	907,578
	27,755	2,568,986	2,596,741

**Financial liabilities**

	Financial liabilities at amortised cost RMB'000
Trade and bills payables (Note 27)	537,711
Financial liabilities included in other payables and accruals	376,651
Lease liabilities (Note 18)	111,163
Bank borrowings (Note 29)	2,508,738
	3,534,263



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## 39 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 31 December 2024

## Financial assets

	Financial assets at FVTPL RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables (Note 24)	–	689,578	689,578
Financial assets included in prepayments, other receivables and other assets	–	19,250	19,250
Financial assets at FVTPL (Note 21)	28,385	–	28,385
Time deposits (Note 26)	–	206,221	206,221
Long-term time deposits, with original maturity over one year (Note 26)	–	224,050	224,050
Restricted cash (Note 26)	–	9,302	9,302
Cash and cash equivalents (Note 26)	–	1,214,703	1,214,703
	28,385	2,363,104	2,391,489

## Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables (Note 27)	533,945
Financial liabilities included in other payables and accruals	409,902
Lease liabilities (Note 18)	114,680
Bank borrowings (Note 29)	2,137,716
	3,196,243



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**40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY**

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	2025 RMB'000	2024 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries		735,611	735,611
Total non-current assets		735,611	735,611
<b>Current assets</b>			
Due from subsidiaries		2,842,449	2,917,634
Prepayments, other receivables and other assets		2	32
Cash and cash equivalents		10,058	13,978
Total current assets		2,852,509	2,931,644
<b>Total assets</b>		<b>3,588,120</b>	<b>3,667,255</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables		6,857	1,832
Total current liabilities		6,857	1,832
<b>Total liabilities</b>		<b>6,857</b>	<b>1,832</b>
<b>EQUITY</b>			
Share capital	33	154,044	154,173
Reserves (a)		3,427,219	3,511,250
Total equity		3,581,263	3,665,423
<b>Total equity and liabilities</b>		<b>3,588,120</b>	<b>3,667,255</b>

The statement of financial position of the Company was approved by the board of directors on 27 March 2026 and were signed on its behalf by:

Mr. Ren Zhijian  
Director

Mr. Zhang Zhi  
Director



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**40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)**

(a) A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000
As at January 2024	2,993,283	–	171,320	52,989	177,128	151,346	3,546,066
Profit for the year	–	–	–	–	(17,878)	–	(17,878)
Other comprehensive income for the year:							
– Exchanges differences on translation of foreign operations	–	–	–	–	–	64,919	64,919
Repurchase of shares	–	(980)	–	–	–	–	(980)
Cancellation of shares	(927)	980	–	–	–	–	53
Final 2023 dividend declared	(80,930)	–	–	–	–	–	(80,930)
As at 31 December 2024	2,911,426	–	171,320	52,989	159,250	216,265	3,511,250
Profit for the year	–	–	–	–	88,050	–	88,050
Other comprehensive income for the year:							
– Exchanges differences on translation of foreign operations	–	–	–	–	–	(71,221)	(71,221)
Repurchase of shares	–	(2,473)	–	–	–	–	(2,473)
Cancellation of shares	(2,344)	2,473	–	–	–	–	129
Final 2024 dividend declared	(98,516)	–	–	–	–	–	(98,516)
As at 31 December 2025	2,810,566	–	171,320	52,989	247,300	145,044	3,427,219

The Company's capital reserve represents the excess of the net asset value of the subsidiaries acquired pursuant to a group reorganisation in 2009 over the nominal value of the Company's shares issued in exchange therefor.



## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

### 41.1 Principles of consolidation and equity accounting

#### (i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

#### (ii) *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

#### (iii) *Joint arrangements*

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated statement of financial position.



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## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.1 Principles of consolidation and equity accounting (continued)

#### (iv) *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in OCI of the investee in OCI. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 41.8.

#### (v) *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity holders of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This might mean that amounts previously recognised in OCI are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate.



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## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

### 41.3 Foreign currency translation

#### (i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional currency is HK\$. The functional currency of subsidiaries in the Chinese mainland is RMB and the functional currency of subsidiaries in European is EUR. The consolidated financial statements of the Group are presented in RMB.

#### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within "Finance costs". All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within "Other gains/(losses) - net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVTPL are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at FVOCI are recognised in OCI.

#### (iii) *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in OCI.



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## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.3 Foreign currency translation (continued)

#### (iii) Group companies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in OCI. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### 41.4 Property, plant and equipment

Property, plant (other than construction in progress) and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 41.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction in progress represents properties under construction and is stated at cost less accumulated impairment losses. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time as the assets are completed and are ready for operational use.

### 41.5 Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured at cost model, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.



## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Leases where the Group is a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (i) *Lease of buildings, machinery and motor vehicles*

The Group leases buildings, machinery and motor vehicles as a lessee. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate are initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments or a change in assessment of an option to purchase the underlying asset.

The Group's right-of-use assets consist of up-front the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.



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## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.6 Leases (continued)

#### *Leases where the Group is a lessee (continued)*

##### (ii) *Leasehold land*

Leasehold land refers to land use rights of the Group's subsidiaries in the Chinese mainland. The cost of land use rights comprises the payments to acquire long-term interest in the usage of land, which are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the land and other direct related costs from the date when the respective rights were granted.

##### (iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### *Leases where the Group is a lessor*

Rental income from operating leases where the Group is a lessor is recognised in "Other income" on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as rental income. The respective leased assets are included in the statement of financial position based on their nature.

### 41.7 Intangible assets

##### (i) *Goodwill*

Goodwill on acquisitions of subsidiaries is separately disclosed. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

##### (ii) *Non-patent technology and licences*

Acquired non-patent technology is capitalised on a basis of the costs incurred to acquire and bring to use the specific technology. The licence acquired in a business combination is recognised at fair value at the acquisition date. Non-patent technology and the licence are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 10 years.



## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.7 Intangible assets (continued)

#### (iii) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. They are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 10 years.

#### (iv) Software

Computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years.

#### (v) Milk collection right

Milk collection right is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years.

#### (vi) Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 5 to 7 years, commencing from the date when the products are put into commercial production. Capitalised development costs are included in (ii) Non-patent technology and licences above.

#### (vii) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected lives of 8 to 20 years for the customer relationships.



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## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 41.9 Investments and other financial assets

#### (i) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in OCI.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### (ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (iii) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivative are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:



## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.9 Investments and other financial assets (continued)

#### (iii) Measurement (continued)

##### *Debt instruments (continued)*

- Amortised cost: assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in "Other income" using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other gains/(losses) - net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Other gains/(losses) - net". Interest income from these financial assets is included in "Other income" using the effective interest rate method. Foreign exchange gains and losses are presented in "Other gains/(losses) - net", and impairment expenses are presented as a separate line item in the statement of profit or loss.
- FVTPL: assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "Other gains/(losses) - net" in the period in which it arises.

##### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "Other income" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "Other gains/(losses) - net" in the statement of profit or loss as applicable.



For the year ended 31 December 2025

## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.9 Investments and other financial assets (continued)

#### (iv) *Impairment*

The Group assesses on a forward-looking basis the ECLs associated with its debt instruments carried at a amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

ECLs are a probability-weighted estimation of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables and other financial assets at amortised cost is measured as either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECLs.

### 41.10 Inventories

Inventories mainly include raw materials, semi-finished goods and finished goods, and are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 41.11 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore it measures them subsequently at amortised cost using the effective interest method, less loss allowance. See Note 24 for further information about the Group's accounting for trade receivables and Note 3.1(b) for a description of the Group's impairment policies.

### 41.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.



## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.13 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 41.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 41.15 Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

### 41.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised when the obligation specified in the contract is extinguished, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as "Other income" or "Finance costs".

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

### 41.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.



For the year ended 31 December 2025

## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.18 Provisions

Provisions for legal claims, and warranties are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### 41.19 Other income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

### 41.20 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to land use rights and property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.



## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.21 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

#### (i) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on either the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

#### (ii) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

#### (iii) *Offsetting*

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.



For the year ended 31 December 2025

## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.22 Employee benefits

(i) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) *Other long-term employee benefit obligations*

The liabilities for long service benefit, annual leave and other long-term benefit that are not expected to be settled wholly within 12 months after the end of the period. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have a right, at the end of the reporting period, to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) *Post-employment obligations*

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

*Defined contribution plans*

The employees of the Group's subsidiaries in the Chinese mainland are required to participate in a central pension scheme operated by the relevant authorities of the provinces or the local municipal governments in the Chinese mainland in which the Group's subsidiaries are located. Contributions are made based on a percentage of the employee's salaries and are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's obligations to employees' pension and retirement benefits are limited to the Group's contributions.

As at 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2024: Nil).

Most of the Group's subsidiaries in the Netherlands operate a defined contribution pension plan for certain of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the pension plan. The assets of the defined contribution pension plan are held separately from those of the Group in an independently administered fund. The Group's employer contribution rests fully with the employees when contributed into the defined contribution pension plan.



## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.22 Employee benefits (continued)

#### (iii) Post-employment obligations (continued)

##### *Defined contribution plans (continued)*

The Group's subsidiaries in Hong Kong operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group's subsidiaries in Australia and New Zealand operate a defined contribution Superannuation Fund retirement benefit scheme (the "SF Scheme") for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the SF Scheme. The assets of the SF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contribution vest fully with the employees when contributed into the SF Scheme.

##### *Defined benefit plans*

One of the Group's subsidiaries in the Netherlands operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from the defined benefit pension plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "cost of sales" and "administrative expenses" in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.



For the year ended 31 December 2025

## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.22 Employee benefits (continued)

(iv) *Housing funds, medical insurances and other social insurances*

The employees of the Group's subsidiaries in the Chinese mainland are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(v) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### 41.23 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 41.24 Dividends distribution

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in Note 14 to the consolidated financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

### 41.25 Earnings per share

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to the equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.



## 41 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (continued)

### 41.25 Earnings per share (continued)

#### (ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 41.26 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and groups of contracts within the scope of IFRS 17 Insurance Contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.







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