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AUSNUTRIA DAIRY CORPORATION LTD

澳優乳業股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1717)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

	2025 RMB'M	2024 RMB'M	Change %
Revenue	7,488.0	7,402.4	1.2
Gross profit	2,893.2	3,107.9	(6.9)
Gross profit margin (%)	38.6	42.0	(3.4) pps
EBITDA	518.1	607.8	(14.8)
Profit attributable to equity holders of the Company	177.5	236.0	(24.8)
Final dividend per share (HK\$)	0.05	0.06	(16.7)

For the year ended 31 December 2025 (the “Year 2025”), Ausnutria Dairy Corporation Ltd (“Ausnutria” or the “Company”) and its subsidiaries (collectively, the “Group”) recorded the followings:

- Revenue increased by RMB85.6 million or 1.2%.
- Gross profit decreased by RMB214.7 million or 6.9%.
- EBITDA decreased by RMB89.7 million or 14.8%.
- Profit attributable to equity holders of the Company decreased by RMB58.5 million or 24.8%.

In addition, the board (the “Board”) of directors (the “Directors”) of the Company has recommended the payment of a final dividend of HK\$0.05 (2024: HK\$0.06) per share of the Company (the “Share”) for the Year 2025.

The Board hereby announces the audited consolidated financial results of the Group for the Year 2025 together with the comparative figures for the year ended 31 December 2024 (the “**Year 2024**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Revenue	4	7,487,957	7,402,439
Cost of sales	5	<u>(4,594,773)</u>	<u>(4,294,534)</u>
Gross profit		2,893,184	3,107,905
Selling and distribution expenses	5	(1,926,117)	(2,077,247)
Administrative expenses	5	(646,406)	(550,048)
Research and development expenses	5	(105,413)	(125,451)
Net impairment losses on financial assets		(74,961)	(26,008)
Other income, other gains/(losses) - net	6	<u>30,157</u>	<u>52,558</u>
Operating profit		170,444	381,709
Finance costs		(44,979)	(51,642)
Share of profits and losses of investments accounted for using the equity method		<u>44,088</u>	<u>(17,552)</u>
Profit before income tax		169,553	312,515
Income tax credit/(expense)	7	<u>19,531</u>	<u>(65,322)</u>
Profit for the year		<u>189,084</u>	<u>247,193</u>
Attributable to:			
The equity holders of the Company		177,506	235,975
Non-controlling interests		<u>11,578</u>	<u>11,218</u>
		<u>189,084</u>	<u>247,193</u>
Earnings per share attributable to the equity holders of the Company	9		
Basic earnings per share (<i>RMB cents</i>)		<u>9.98</u>	<u>13.26</u>
Diluted earnings per share (<i>RMB cents</i>)		<u>9.98</u>	<u>13.26</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
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
Total other comprehensive income/(loss) for the year	229,949	(114,688)
Total comprehensive income for the year	419,033	132,505
Attributable to:		
The equity holders of the Company	406,083	124,762
Non-controlling interests	12,950	7,743
	419,033	132,505

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 31 December 2025*

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

		As at 31 December	
		2025	2024
	<i>Notes</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		94,531	90,177
Defined benefit plan		955	948
Deferred revenue		78,979	78,854
Deferred tax liabilities		52,697	71,674
Other liabilities		17,258	10,819
		<hr/>	<hr/>
Total non-current liabilities		244,420	252,472
		<hr/>	<hr/>
Current liabilities			
Trade and bills payables	<i>11</i>	537,711	533,945
Other payables and accruals		612,440	661,261
Contract liabilities		227,410	233,961
Bank borrowings		2,508,738	2,137,716
Lease liabilities		16,632	24,503
Income tax payable		21,932	34,809
		<hr/>	<hr/>
Total current liabilities		3,924,863	3,626,195
		<hr/>	<hr/>
Total liabilities		4,169,283	3,878,667
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	<i>12</i>	154,044	154,173
Reserves		5,872,651	5,567,428
		<hr/>	<hr/>
		6,026,695	5,721,601
Non-controlling interests		59,719	61,878
		<hr/>	<hr/>
Total equity		6,086,414	5,783,479
		<hr/>	<hr/>
Total equity and liabilities		10,255,697	9,662,146
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net cash flows generated from operating activities	<u>372,436</u>	<u>299,374</u>
Cash flows from investing activities		
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	(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	<u>–</u>	<u>(165,366)</u>
Net cash flows used in investing activities	<u>(721,453)</u>	<u>(899,165)</u>
Cash flows from financing activities		
New bank borrowings	2,371,956	926,799
Repayments of bank borrowings	(2,207,768)	(1,072,912)
Payment of lease liabilities (principal)	(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	(97,152)	(80,637)
Dividends paid to non-controlling shareholders	(15,109)	(1,282)
Decrease/(Increase) in restricted cash	<u>7,385</u>	<u>(3,590)</u>
Net cash flows generated from/(used in) financing activities	<u>23,473</u>	<u>(273,588)</u>
Net decrease in cash and cash equivalents	(325,544)	(873,379)
Cash and cash equivalents at beginning of year	1,214,703	2,037,602
Effect of foreign exchange rate changes, net	<u>18,419</u>	<u>50,480</u>
Cash and cash equivalents at end of year	<u><u>907,578</u></u>	<u><u>1,214,703</u></u>

NOTES TO THE 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 (the “**Stock Exchange**”) since 8 October 2009. The Company and its subsidiaries are hereinafter collectively referred to as the “**Group**”.

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

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

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

(a) *Compliance with IFRS 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.

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

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.

3 OPERATING SEGMENT INFORMATION

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

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

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

(a) Segment results and assets and liabilities

	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
Year ended 31 December 2025			
Segment revenue			
Sales to external customers (Note 4)	7,167,544	320,413	7,487,957
Rental income (Note 6)	13,480	–	13,480
	<u>7,181,024</u>	<u>320,413</u>	<u>7,501,437</u>
Segment results	234,823	(35,145)	199,678
Reconciliation:			
Segment results			199,678
Interest income (Note 6)			37,831
Unallocated finance costs (other than interest on lease liabilities)			(41,635)
Corporate and other unallocated expenses			(26,321)
			<u>169,553</u>
Profit before tax			<u>169,553</u>
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	44,054	34	44,088
Depreciation and amortisation	318,890	22,482	341,372
Capital expenditure*	307,102	13,130	320,232
	<u>6,312,984</u>	<u>363,338</u>	<u>6,676,322</u>
As at 31 December 2025			
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
			<u>1,432,070</u>
Total assets			<u>10,255,697</u>
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
			<u>2,086,075</u>
Total liabilities			<u>4,169,283</u>

	Dairy and related products RMB'000	Nutrition products RMB'000	Total RMB'000
Year ended 31 December 2024			
Segment revenue			
Sales to external customers (Note 4)	7,097,880	304,559	7,402,439
Rental income (Note 6)	9,835	–	9,835
	<u>357,324</u>	<u>(5,603)</u>	<u>351,721</u>
Segment results			
Reconciliation:			
Segment results			351,721
Interest income (Note 6)			37,440
Unallocated finance costs (other than interest on lease liabilities)			(49,877)
Corporate and other unallocated expenses			(26,769)
Profit before tax			<u>312,515</u>
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	(17,574)	22	(17,552)
Depreciation and amortisation	245,084	36,020	281,104
Capital expenditure*	367,084	5,728	372,812
As at 31 December 2024			
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			<u>9,662,146</u>
Segment liabilities	1,750,856	376,731	2,127,587
Reconciliation:			
Elimination of intersegment payables			(386,636)
Corporate and other unallocated liabilities			2,137,716
Total liabilities			<u>3,878,667</u>

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

(b) **Other segment disclosures**

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

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

(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).

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers	<u>7,487,957</u>	<u>7,402,439</u>

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 <i>RMB'000</i>	Nutrition products <i>RMB'000</i>	Total <i>RMB'000</i>
Type of goods or services			
Sale of goods	7,140,962	320,413	7,461,375
Rendering services	26,582	–	26,582
	<u>7,167,544</u>	<u>320,413</u>	<u>7,487,957</u>
Total revenue from contracts with customers	<u>7,167,544</u>	<u>320,413</u>	<u>7,487,957</u>
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
	<u>7,167,544</u>	<u>320,413</u>	<u>7,487,957</u>
Total revenue from contracts with customers	<u>7,167,544</u>	<u>320,413</u>	<u>7,487,957</u>
Timing of revenue recognition			
At a point in time	7,140,962	320,413	7,461,375
Over time	26,582	–	26,582
	<u>7,167,544</u>	<u>320,413</u>	<u>7,487,957</u>
Total revenue from contracts with customers	<u>7,167,544</u>	<u>320,413</u>	<u>7,487,957</u>

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

5 EXPENSES BY NATURE

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

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
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	<i>(a)</i>	1,466,458	1,358,098
Promotion and advertising expenses		1,024,182	1,215,949
Depreciation of property, plant and equipment		197,553	166,285
Depreciation of investment property		5,215	4,900
Depreciation of right-of-use assets		25,336	19,570
Amortisation of other intangible assets		113,268	90,349
Transportation expenses		140,436	137,824
Office expenses		143,729	115,733
Impairment of property, plant and equipment		–	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		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
		7,272,709	7,047,280

(a) Employee benefit expenses

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

	2025 RMB'000	2024 <i>RMB'000</i>
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
	1,466,458	1,358,098
Restructuring costs (<i>Note 6</i>)	7,276	7,899
Total employee benefit expenses	1,473,734	1,365,997

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income		
Government grants	29,608	43,713
Interest income	37,831	37,440
Rental income	13,480	9,835
	<u>80,919</u>	<u>90,988</u>
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)
	<u>(50,762)</u>	<u>(38,430)</u>

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.

7 INCOME TAX (CREDIT)/EXPENSES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current income tax expenses	31,034	70,190
Deferred income tax (credit)/expenses	(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%.

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 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before income tax	<u>169,553</u>	<u>312,515</u>
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 retained by 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	<u>3,308</u>	<u>(1,982)</u>
Income tax (credit)/expenses in the consolidated statement of profit or loss	<u><u>(19,531)</u></u>	<u><u>65,322</u></u>

- (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.

8 DIVIDENDS

	2025	2024
	RMB’000	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.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,778,964,503 (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 (<i>RMB’000</i>)	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 (<i>RMB cents</i>)	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.

10 TRADE AND BILLS RECEIVABLES

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

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.

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	2024
	RMB'000	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	<u>78,973</u>	<u>34,083</u>
	<u>803,059</u>	<u>724,807</u>

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.

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

11 TRADE AND BILLS PAYABLES

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

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

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

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

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

12 SHARE CAPITAL

(a) Authorised shares

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

(b) Issued shares

	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 ^(a)	(573)	(53)
As at 31 December 2024	1,779,539	154,173
Cancellation of shares ^(b)	(1,394)	(129)
As at 31 December 2025	1,778,145	154,044

^(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.

CHAIRMAN'S STATEMENT

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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

From an industry fundamentals perspective, the IMF industry in the PRC 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 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 point(s) 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 US FDA registration, 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, the Group 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	Proportion to total revenue				
		2025 RMB'M	2024 RMB'M	Change %	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 formulas 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-product.
- (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 (together with its subsidiaries, the “**Amalthea Group**”) 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 optimizing sales channel by implementing in-can code and reducing the channel off-code inventory of infant formula 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 optimization.

Gross profit and gross profit margin

	Gross profit		Gross profit margin	
	2025	2024	2025	2024
	RMB'M	RMB'M	%	%
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
	<u>2,720.5</u>	<u>3,106.4</u>	<u>51.1</u>	<u>53.5</u>
Cheese, Private Label and others	87.0	(17.7)	4.7	(1.4)
	<u>2,807.5</u>	<u>3,088.7</u>	<u>39.2</u>	<u>43.5</u>
Dairy and related products	2,807.5	3,088.7	39.2	43.5
Nutrition products	131.3	130.0	41.0	42.7
	<u>2,938.8</u>	<u>3,218.7</u>	<u>39.2</u>	<u>43.5</u>
Less: write-down of inventories to net realisable value	(45.6)	(110.8)		
	<u>(45.6)</u>	<u>(110.8)</u>		
Total	<u>2,893.2</u>	<u>3,107.9</u>	<u>38.6</u>	<u>42.0</u>

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 continuingly 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

	<i>Notes</i>	2025 RMB'M	2024 <i>RMB'M</i>
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 recognized 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 capitalization 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	2024	Change
	Number of days	Number of days	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	2024
	RMB'M	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 is 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: The 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 announcement, the Company did not make or hold any significant investments (including any investment in an investee company representing 5% or more of the Company's total assets as at 31 December 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 announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

TREASURY POLICY

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

FINANCIAL RESOURCES, LIQUIDITY AND PLEDGE OF ASSETS

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

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

Notes:

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

Currency	2025		2024	
	<i>RMB'M</i>	%	<i>RMB'M</i>	%
RMB	–	–	8.3	89.3
Others	1.9	100.0	1.0	10.7
Total	<u>1.9</u>	<u>100.0</u>	<u>9.3</u>	<u>100.0</u>

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

Currency	2025		2024	
	<i>RMB'M</i>	%	<i>RMB'M</i>	%
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	<u>1,852.9</u>	<u>100.0</u>	<u>1,645.0</u>	<u>100.0</u>

(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 maximizing 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	<u>2,508.7</u>	<u>100.0</u>	<u>2,137.7</u>	<u>100.0</u>
Total	<u><u>2,508.7</u></u>	<u><u>100.0</u></u>	<u><u>2,137.7</u></u>	<u><u>100.0</u></u>

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 minimize 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).

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 <i>HK\$</i>
		Highest	Lowest	
		<i>HK\$</i>	<i>HK\$</i>	
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	<u>1,394,000</u>			<u>2,674,790</u>

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).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, no significant events are affecting the Group after the Year 2025 and up to the date of this announcement.

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.

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 “**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 announcement.

The Group has a written guideline “Employees’ Code of Dealing the Securities of the Company” for its senior management and employees who are likely to be in possession of unpublished inside information of the Company on terms no less exacting than the Model Code and the Guidelines on Disclosure of Inside Information of the Securities and Futures Ordinance (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.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and notes to the consolidated financial statements for the Year 2025 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year 2025. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PricewaterhouseCoopers on this announcement.

AUDIT COMMITTEE

As at the end of the reporting period, the Audit Committee comprised three members and they are all the INEDs (Mr. Ma Ji, Mr. Chen Fuquan and Mr. Aidan Maurice Coleman). The Audit Committee of the Board has reviewed the audited consolidated financial statements of the Group for the Year 2025 including the accounting principles and practices adopted by the Group and discussed with the management of the Company on matters relating to auditing, risk management and internal controls and financial reporting.

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
Root Cause		
<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
Other findings		
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 announcement.</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. On going 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.

DIVIDEND

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 announcement, there was no arrangement with any Shareholders under which he/she/it has waived or agreed to waive any dividends.

CLOSURE OF REGISTER OF MEMBERS

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

For the purpose of determining Shareholders who are eligible to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 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.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual report of the Company for the Year 2025, which contains the detailed results and other information of the Company for the Year 2025 required pursuant to Appendix D2 to the Listing Rules, will be despatched to the Shareholders and published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.ausnutria.com.hk in due course. This announcement can also be accessed on the above websites.

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

The PRC, 27 March 2026

As at the date of this announcement, the Board comprises Mr. Ren Zhijian (CEO), Mr. Bartle van der Meer and Mr. Zhang Zhi as the executive Directors; Mr. Han Shixiu (Chairman), Ms. Yan Junrong and Mr. Zou Ying as the non-executive Directors; and Mr. Ma Ji, Mr. Chen Fuquan and Mr. Aidan Maurice Coleman as the independent non-executive Directors.