



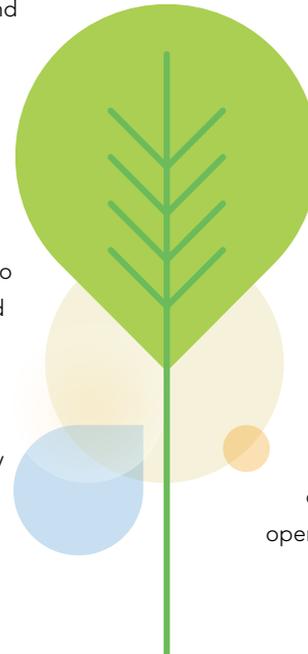
MESSAGE FROM THE CHAIRMAN

I am delighted to present the Group’s fourth annual Sustainability Report on behalf of the board (the “Board”) of directors (the “Directors”) of the Company. This report highlights the Group’s commitments and achievements in the past year towards its sustainability vision.

2019 marked the beginning of the second phase of our “Golden Decade” strategic plan, as well as the tenth anniversary of Ausnutria’s public listing. Over the decade, Ausnutria has built a strong foundation in every aspect of the value chain and has continuously delivered solid results. To celebrate the milestones we have achieved, we proudly held our ten-year listing anniversary celebration in October 2019 in conjunction with our brand strategies meeting. At the celebration, we announced our strategic brand partnership with Chinese Tennis Association, and also the collaboration with the Chinese national tennis team. Allnutria, one of our cow milk powder brands, and Nutrition Care, our nutritional product brand, became the official dairy and nutritional product suppliers respectively for the Chinese national tennis team. Internally, we continue to enhance our global supply capacity to cater business growth. Two new factories in the Netherlands (the “Ausnutria Heerenveen Factories”) which commenced operation in 2018 has entered into full operation in 2019. Our second factory in Changsha, the PRC was also completed during the year and was granted a permit to produce adult milk powder. Meanwhile, our factory in New Zealand was successfully registered with the General Administration of Customs of the PRC as a new infant formula production enterprise. The commencement of these new operations has brought Ausnutria even closer to becoming the most trustworthy milk formula, nutrition and healthcare enterprise in the world.

We have been actively implementing our strategic plan to streamline the Group’s operations and resources across regions while being mindful in integrating sustainability into our business. As such, we have appointed a sustainability workgroup to act as the connecting bridge between the sustainability committee and regional teams for a more holistic management. With such strong foundation, we continue to stand by our sustainability vision and the relevant United Nations Sustainable Development Goals, and work relentlessly to achieve our sustainability pillars – Better Nutrition, Better Life and Better Environment.

To promote Better Nutrition among our customers, we aspire to foster innovation and offer quality nutritional products and solutions. In 2019, we have launched the infant formula Hyproca Hypure series and introduced a broader range of products for different age groups such as the Kabrita Yingjia adult goat milk powder and Allnutria ExtraPure organic pregnant and lactating mother milk powder. We have also launched a series of new nutritional products from Australia under the brand Nutrition Care to serve the diverse needs of our customers. To seek for continuous enhancement, we established our first cross-disciplinary research platform to encourage collaboration and knowledge exchange among our dairy and nutritional professionals in Australia and New Zealand. Besides, we have held the Ausnutria Nutritional Expert Academy 2019 in the Netherlands to promote scientific exchanges with external professionals to support the development of Kabrita. Our first global marketing conference was held in the PRC with representatives from Ausnutria’s branches to study the development of our global brand-building strategies and marketing strategies, gradually aligning and coordinating our marketing and customer engagement efforts across operations.



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Independent Assurance Opinion Statement

To bring Better Life to our employees, we strive to create a healthy and inclusive workplace and community through meaningful partnerships. We value the differences and uniqueness in our people and devote great amount of resources to unleash their potential. Specifically, we have established a hierarchical training system featuring six unique Ausnutria-style talent development programs for employees spanning from management trainees to top management personnel. Cultural integration workshops and team building activities were held to bring us closer to achieving the motto of "One Ausnutria, One Dream, One Voice". We will utilise our new headquarters in the PRC, which will be completed in 2023, to facilitate collaboration, training and work efficiency of our employees from different operations and build a team fit for future. Meanwhile, our three-year global human resources strategy plan is in good progress as we continue to introduce new measures to improve internal capabilities and facilitate team growth. During the outbreak of the coronavirus disease in 2020, we have also set up work from home initiatives for the employees to protect their welfare.

As for the community, we promote Better Life by providing local communities with access to nutritious dairy and healthcare products through active sponsorships and meaningful partnerships. We pledged to contribute RMB100 million in cash or in-kind donation in community programs in the coming ten years through Ausnutria U-Foundation. The immense support from the Group will allow more impactful initiatives for the communities, similar to the Tundra Rose Public Welfare Project, Kabrita's National Nutrition Week and the sponsorship to Changsha International Marathon 2019 but in an extensive manner. Following the outbreak of the coronavirus diseases in 2020, Ausnutria U-Foundation donated eight batches of cash and supplies, worth over RMB67.6 million, to charities in the PRC to fight against the pandemic.

Despite the fact that the manufacturing process of our products does not create too much adverse impact to the environment compared with many other industries, we seek to operate and consume resources responsibly in a way that our future generations can enjoy a Better Environment. We continue to look into possibilities to reduce our environmental footprint and have adopted energy efficient technologies in our existing and newly built operation facilities. Whenever feasible, we prioritise the use of renewable energy and have installed an on-grid solar panel system in the dairy production facility in Australia in Year 2019, which is expected to fulfil one-third of the total electricity consumption needs of the facility.

The commitment to quality, employees and other stakeholders are always key to the Group's sustainability and business continuity. We would like to express our biggest gratitude to stakeholders who contributed to the success of the Group. Looking ahead, we are confident to continue to deliver long-term shared values through seamless cooperation among our subsidiaries and close collaboration with our stakeholders.

Yan Weibin
Chairman

The PRC
21 May 2020

