

CHAPTER

02

BETTER NUTRITION



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



17 PARTNERSHIPS FOR THE GOALS





Better Nutrition

FOCUS AREAS

**PRODUCT
INNOVATION**

CUSTOMER ENGAGEMENT

**PRODUCT QUALITY
& FOOD SAFETY**



Ausnutria is dedicated to providing the safest and most reliable products with the optimal nutritional profile for all of its customers and make every effort to innovate its product and to provide customers with safe products of the highest quality. The Group maintains a strong relationship with its clients by giving up-to-date health and nutritional information, soliciting feedback through a variety of communication channels while safeguarding its customers' rights. Ausnutria also builds strategic partnerships with suppliers and distributors to ensure that its sustainable standards are strictly followed throughout the value chain with selective screening criteria and procedures to ensure that it collaborates with only those business partners who share its values. Ausnutria aims to collaborate with its business partners in order to fulfil social and environmental responsibilities and mutual success.

KEY HIGHLIGHTS



IN YEAR 2021

Launched new products

- NC Soforwin Probiotic and NC Myclear Probiotic for the probiotic segment;
- Hyproca 1897 Children's Milk Powder for children aged between 3 to 12-year-old;
- Upgraded Kabrita Pro Goat Milk Powder with better nutrition for children; and
- Aunulife's First Guard, our first probiotic product with the strain developed in the PRC for infant consumption.

Presented a virtual booth

at the 6th World Congress of the PGHAN by Ausnutria Nutrition Institute to exchange the latest health and nutrition information to the experts around the world.

Maintained strategic partnership

with renowned universities.

Stepped up its investment in the

R&D of new products to RMB193 million.

Maintained **100% of Ausnutria's goat farmers** participated in the Durability Program.

Participated in the **6th China Special Food Conference** in Wuxi organised by CNHFA to promote the development of special food industry.

Introduced newly launched premium goat milk products in the **4th China International Import Expo.**

Showcased four latest research results in the **12th China Dairy Industry Conference** and the **9th Dairy Industry Technology Conference**, fostering the development of its probiotic business.

PRODUCT INNOVATION

Ausnutria continues in its R&D to foster its long-term growth, with a particular emphasis on areas including but not limited to developing lactose-intolerant-friendly products, updating new infant formula recipes, and enhancing product nutritional value. The Group employs over 205 R&D specialists in the PRC, the Netherlands, Australia, and New Zealand. The Group increased its investment in R&D of new products from RMB181 million to RMB193 million throughout the year. To provide consumers with optimised benefits, Ausnutria upgraded its existing Super Platinum Infant Formula products by adding two HMOs. This is the first infant formula product in Australia to contain two HMOs, and the first batch of product was successfully introduced in Australia and the PRC. The Group has received a total of 389 registered patents (including 1 Patent Cooperation Treaty (PCT), 1 patent in New Zealand, 3 patents in Australia, 62 inventions, 21 utility models and 61 product designs) and 224 authorised patents (including 16 invention patents, 17 utility models, and 46 product designs and 1 intellectual property right). Moreover, the Group established a Management Guide for R&D Project Approval and Technical Support to define its criteria for Kabrita's R&D project management in the PRC.

Annual investment in the R&D of new products:



RMB193
million



389
registered patents



224
authorised patents

In the Year 2021, the Group continued to expand its product portfolio and attained a number of R&D achievements. Ausnutria introduced a new healthy product under the brand "Aunulife Probiotic" in the PRC. It has also supported research in partnership with universities in Australia and the Netherlands, demonstrating the Group's strong commitment to R&D.

HIGHLIGHT OF NEW PRODUCTS ANNOUNCED IN YEAR 2021

NC Soforwin Probiotic

To penetrate the probiotic segment, NC launched NC Soforwin Probiotic and NC Myclear Probiotic, which quickly became leaders of the segment, in 2021.



Hyproca 1897 Children's Milk Powder

This product adds the unique Upfocus® formula of "1+7 Nutrients" (Phosphatidylserine and 7 nutrients that facilitate learning) to provide more comprehensive nutritional support for the golden stage of children's growth aged 3-12 year-old, especially in children's cognitive development and physical development.

Upgraded Kabrita Pro Goat Milk Powder

Along with the new appearance, Kabrita Pro Goat Milk Powder contains optimal formula of DHA, ARA, choline and taurine, which are beneficial to children's development on the problem-solving abilities, linguistic skills, learning, memory and vision. By combining probiotics and prebiotics, the digestion and absorption processes are facilitated.



Aunulife's First Guard

At the 2021 Kabrita Distributors Conference, Aunulife released the first probiotic product of the Aunulife brand with the strain developed for infant consumption – Aunulife's First Guard (previously called "Little Orange Box"). The product exclusively uses our first self-developed probiotic, which was extracted from the intestines of healthy babies in the PRC and approved in April 2021. This simple formula includes three kinds of prebiotics and 12,000 million live probiotics to safeguard intestinal health for infants in the PRC.

Ausnutria's four major research results presented at industry events to accelerate innovation and development



In the Year 2021, in order to foster the development of dairy products the Company has showcased four latest research results at two major industry events – the 12th China Dairy Industry Conference and the 9th Dairy Industry Technology Conference.

- The oligopeptide F3 with antihypertensive effect is obtained by hydrolysing, separating and purifying goat milk casein. It provides an inhibitory effect on vascular damage in the process of regulating the development of hypertension in vitro. In addition, it was found in the study that goat milk casein hydrolysate contains calcium absorption peptides, which have active substances that promote calcium absorption;

- Ausnutria's nutritional supplement Soforla® helps to significantly improve infants with severe lactose intolerance. After a week of lactase supplementation, we observed lactose tolerance was developed in more than 30% of tested lactose-intolerant patients. Moreover, fecal formation, choking and crying of infants were also alleviated;
- Bioinformatics methods were used to understand the key structures of the main allergens in dairy products. Based on the obtained results, the sensitisation of milk allergen proteins in processing could be controlled to reduce the undesirable effects on allergic people. It is considered to have significant scientific research and application value; and
- The research optimised the detection and analysis method of HMO separation and purification, and the oligosaccharide composition and content of human milk, cow milk and five other special kinds of milk were comprehensively analysed.

Ausnutria has always believed that scientific research innovation is the backbone of enterprise development competitiveness. In the future, Ausnutria will continue to adhere to science-based R&D and innovation and is committed to empowering products with scientific research results and promoting the high-quality development of the nutrition industry in the PRC.

The Group has built a global R&D team to coordinate all internal patent activities and gain global scientific recognition for its R&D efforts. The pool of professionals allows the Group to leverage regional strengths and conduct cross-region research with external and international experts. Under its "1 + 6 + N" global R&D strategy plan, Ausnutria Institute of Food and Nutrition supports the Group's ambition in developing next-generation dairy and nutritional products by forming partnerships with Ausnutria (Beijing) Special Nutrition Research Centre, Peking University's Ausnutria Maternal and Child Nutrition Research Centre, the European R&D Centre in the Netherlands, the ANZ R&D Centre in Australia and New Zealand, Ausnutria (Taipei) Nutrition Research Centre and Ausnutria's Jiangnan University Milk of Non-Bovine Mammals International Joint Research Centre.



Ausnutria's testing centre in Changsha city, the PRC received and renewed China National Accreditation Service ("CNAS") for Conformity Assessment Laboratory Accreditation in 2017 and 2021, respectively.

The Group actively aims to foster R&D talents. The Group established the Ausnutria National Postdoctoral Programme in 2016. Since then, the Group has recruited PhD researchers to conduct food and nutrition research and assess the feasibility of incorporating research findings into product development. The Group's talent career development and business strategy advances and applies scientific theories through its products. Since 2020, the Group has established the Ausnutria-Kabrita Nutrition Research Fund to improve elderly and infant nutrition. This fund targets to provide continuous financial support of RMB 1 million per year to promote the development of maternal and infant nutrition research in the PRC. The Group hopes to increase the understanding of nutrition and health of society, and contributes to the advancement of nutrition science and the protection of human health.

To tap into a broader base of resources, insights and talents, the Group continues to partner with honourable universities, research institutions, industry partners and contract manufacturers on nutritional research and innovative product development. The Group has established strategic partnerships with external expert groups such as Hunan Association for Science and Technology, Peking University, Nanchang University, Central South University and Jiangnan University. The Group partnered with Central South University to complete the clinical trial study on the effect of Soforla® on people with lactose intolerance. The Group has also built a strategic partnership with Jiangnan University in the PRC to further strengthen its R&D capabilities in various aspects, including product development on probiotic and goat milk, as well as scientific research on milk proteomics, lipomics, etc. In 2021, Professor Chen Wei academician R&D station was officially established in Ausnutria, indicating that the two parties have entered a new stage of close collaboration in nutrition research.



Launching “Ausnutria Nutrition Institute” in October 2020



Ausnutria Nutrition Institute was founded in October 2020 in the Netherlands as an independent scientific organisation with the mission of spreading scientific knowledge about

infant nutrition and the nutritional composition of goat milk. The institute collaborates with international scientists, research institutes, and universities to stimulate the growth of evidence-based products and to improve the health and well-being of children. Apart from collaborative research, the institute benefits from expert advice given by a scientific advisory board comprised of international experts from diverse disciplines.

A dedicated website has been launched to make the insights gained by the institute easily accessible to health and nutrition experts. In 2021, Ausnutria Nutrition Institute has presented a virtual booth at the 6th World Congress of the PGHAN to exchange the latest health and nutrition information to the world.



BETTER NUTRITION THROUGH THE STUDY OF BREAST MILK

Breast milk is the ideal source of nutrition for infants and young children's growth and development. Ausnutria is a firm believer in breastfeeding and is actively involved in numerous studies investigating the nutrition of breast milk. The Company is also focused on developing milk formula with improved nutrition. The establishment of the breast milk bank is one of Ausnutria's strategic programmes to improve its understanding of the nutrient content of breast milk for infants and young children in the PRC. Ausnutria has established a number of breast milk data banks for the purposes of conducting valuable scientific research.



Case Study

The opening ceremony of Ausnutria's breast milk bank in central China.



The Breast Milk Bank in Central China

Breast milk composition varies by geographic region and different dietary practices in the PRC. As such, the Group has partnered with Central South University and Liuyang Maternity and Child Healthcare Hospital to establish a breast milk bank in central China in 2020, apart from the existing breast milk bank in north China. Ausnutria continues to develop milk formula that better meets the nutritional needs of infants in rural villages from different regions by collecting samples for the breastmilk composition studies.

To guide the R&D work in the Netherlands, the Group has rolled out a series of three five-year R&D programmes with different key objectives in the Year 2020. The roadmap is updated quarterly to ensure all activities are aligned with the Group's business strategy.

INTELLECTUAL PROPERTY MANAGEMENT

Ausnutria is committed to intellectual property protection and pays close attention to both internal and external innovations. A system for managing enterprise intellectual property is established, along with supporting procedures that adhere to legal requirements. Departments are assigned responsibility for managing intellectual property rights and trademark registrations associated with all brands and logos used on product packaging. Additionally, the Group has created an intellectual property employee handbook to raise awareness. The Group has again achieved the PRC's national standard for enterprise intellectual property management (GB/T 29490-2013) this year for its intellectual property management planning, implementation, evaluation, and continuous improvement practices.

Certification of Enterprise Intellectual Property Management (GB/T 29490-2013).



Nutrition Research Program 2020-2024

- Leading research in support of the global R&D strategy;
- Providing nutritional support to internal stakeholders;
- Maintaining and expanding relevant scientific network and footprint; and
- Initiating and supporting clinical studies to further substantiate goat milk efficacy as a source of nutrition in various target markets.

Innovation Roadmap 2020-2024

- Developing and introducing new products under Kabrita, including Kabrita Junior, Kabrita Mama and Kabrita Family.

Processing Research Program 2020-2024

- Optimising the use of resources through developing new processes to ascertain the availability of required raw materials, and to valorise side streams for both existing ingredients and the foreseen growing needs; and
- Creating new and innovative ingredients with value to the Group to allow the development of next-generation products.



Business app of Ausnutria Dairy (China) Company Ltd.

CUSTOMER ENGAGEMENT

Ausnutria constantly strengthens and deepens its customer relationships. The Group engages customers actively through a variety of activities and interactions on social media platforms. These channels enable the Group to effectively communicate with customers and raise their awareness of scientifically proven information about dairy and nutritious products.

Social media is critical for the Group to maintain contact with its customers. In the PRC, the Company's major dairy brands, including Kabrita, Hyproca 1897, Allnutria and Nutrition Care, maintain their own channels on WeChat and Weibo. These channels serve as a significant platform for the Group to promote its products and marketing activities, for parents and parents-to-be to share their experiences and knowledge about infant care, as well as to raise feedback and inquiries about the products. Ausnutria takes up the responsibility to ensure that all information shared on these channels is reliable and accurate and does not endanger parents or children. Therefore, the Group's professional nutritionists are directly involved in managing the online platforms.

The Group is always looking to improve customer communication. The current Kabrita mobile app has data analytics capabilities, allowing the Group to better understand customer needs and personalise birthday greetings and other marketing communications. The Group wishes to accompany its beloved members on their journey of child development.

Moreover, Kabrita has launched the HCP Kabrita Natural Comfort Program, which aims to bring natural comfort in their professional and personal lives for the international HCP community just as Kabrita brings natural comfort for babies and mothers. This program not only provides HCPs with research through audiobooks and augmented reality learnings but also giveaways such as sleeping masks, hand cream, cookbooks with recipes containing goat dairy, smart wristbands, and warm goat wool socks.

Challenging Guinness World Records by Kabrita Parent - Child Games



Event site of "Kabrita Run-run Champion Games".

In recent years, consumers have paid more attention to the quality of parenting and participating in healthy and interactive family activities. In view of this, Kabrita held the "Kabrita Run-run Champion Games" to allow more parent-child families to enjoy sports through interactive activities.

The "Kabrita Run-run Championship Games" event site was highly simulated to the Olympic competition site. Interactive entertainment events were offered, including basketball, football and gateball. In addition, Ausnutria has also launched a crawling competition for month-old babies, which meets the needs of babies of various ages and allows babies to experience the spirit of sports. Each event also includes interactive performances, nutritional information booths, and lucky draws to engage customers and enhance the fun factor for the participants.

The "Kabrita Run-run Champion Games" has received positive feedback from participants. This event continued from April to October 2021 across the country, with nearly 170,000 participants.

The "Kabrita Run-run Champion Games" Guinness Challenge was organised in more than 50 cities across the country, inviting tens of thousands of babies together to challenge the "The first Guinness Record in life" through crawling competitions, together with the official Guinness certification adjudicator and all the audience at the scene to witness the achievement.

“High-energy” Artist Supports Ausnutria’s Allutria products



Ms. Ng Siu Hung, Executive Director of Ausnutria, officially awarded Mr. Zhong Hanliang the title of “High Energy Role Model Officer”.

To improve its brand competitiveness, Allnutria has announced the appointment of popular and well-rounded artist Mr. Zhong Hanliang as the brand’s “high-energy role model officer”, promoting Ausnutria’s high-quality products and services to help create “high-energy nutrition”. Mr. Zhong Hanliang has played more than 60 film and television roles since his debut, released albums, held concerts, and held photography exhibitions. He leaves a lasting and energetic impression with the audience and his fans span all age groups.

It is believed that the collaboration between Mr. Zhong Hanliang and Allnutria will definitely have a greater influence on the promotion of the “high-energy nutrition” business.

Protecting Customer Interests

Customer trust and loyalty are the cornerstones of the Group’s long-term success and rapid growth, which is why Ausnutria adheres to responsible marketing and communication practices. Ausnutria follows the guidance of the World Health Organisation and thus does not promote stage 1 (0-6 months) infant formula. Due to recent legislative provisions, infant formula Stage 2 (6-12 months) is also not promoted in the PRC market.

All products and promotional materials will be subjected to a strict review process in accordance with the Group’s branding guidelines to ensure that the information on product labels and statements is fair, accurate, and impartial. To ensure compliance with local laws and regulations, all products are subjected to final approval in accordance with the distributors’ or local brands’ requirements prior to being distributed to the market. Kabrita launched the Compliance Management System this year to clearly define the review and approval procedures for marketing materials, as well as the roles and responsibilities of all corresponding departments. Apart from regulatory requirements, Ausnutria has participated in Australia’s Voluntary Incidental Trace Allergen Labeling Programme. Prior to announcing “allergen-free” on the product label, all nutritional products undergo a comprehensive and stringent allergen screening for each ingredient.

Ausnutria is also aware of the growing concern pertaining to the privacy of customer data. The Group has an internal customer data and privacy policy to define how personal information about employees, business partners, and customers should be properly handled. The Group frequently promotes information security tips and procedures on bulletin boards and posters to enhance employees’ understanding of internal data protection. The Group’s internal audit department monitors consumer data protection and evaluates the compliance of the Board, senior management, officers and employees against all applicable policies, standards, procedures, laws and regulations related to customer data privacy on a regular basis. To ensure compliance with the European Union’s General Data Protection Regulation (GDPR) in 2021, privacy statements are posted on Kabrita and Neolac’s Dutch websites to describe the measures in place to protect the information of business partners, customers, and other users when managing and processing their personal data. In Year 2021, an internal information security campaign, “Herken, Herkauw, Handel” (“Recognise, Ruminant, Act”), was launched in the Netherlands. The campaign emphasised on the golden rules for securing information and data, in order to raise employee’s awareness and strengthen their knowledge in observing and avoiding risks relevant to data security.

In Year 2021:



56% less
Complaints related to product received when compared to 2020.



Zero
Complaints related to services received.

PRODUCT QUALITY AND FOOD SAFETY

Ausnutria places great emphasis on its customers' health and safety. The Group has established quality control principles to ensure that its products meet a high standard of quality and safety. These principles pervade the entire manufacturing process, from raw material procurement to manufacturing processes and product delivery. They not only ensure that the Group complies with all applicable laws and regulations, but also communicate the Group's minimum production quality requirements.

Ausnutria has taken a two-pronged approach to ensuring stable product supply throughout the year since the outbreak of COVID-19. The pandemic prevention and control working group continues to oversee the operation and production and ensure prompt responses to eliminate the risk of large-scale infections. Additionally, close communication with overseas factories is maintained in order to coordinate production for export for Group's customers. On the other hand, the Group expedites the manufacturing process to secure the supply of its dairy products.

Product Safety Management

The production facilities of the Group are certified by internationally recognised safety management systems and standards. These qualifications include but are not limited to BRC 8 Global Food Safety Initiative (GFSI) certification, FSSC 22000 Food Safety System Certification, ISO 9001 Quality Management System, Hazard Analysis and Critical Control Points (HACCP) System and GMP+ Good Manufacturing Practices. The production line in the Netherlands also received COKZ certification for its new ultrafiltration plant in Heerenveen.

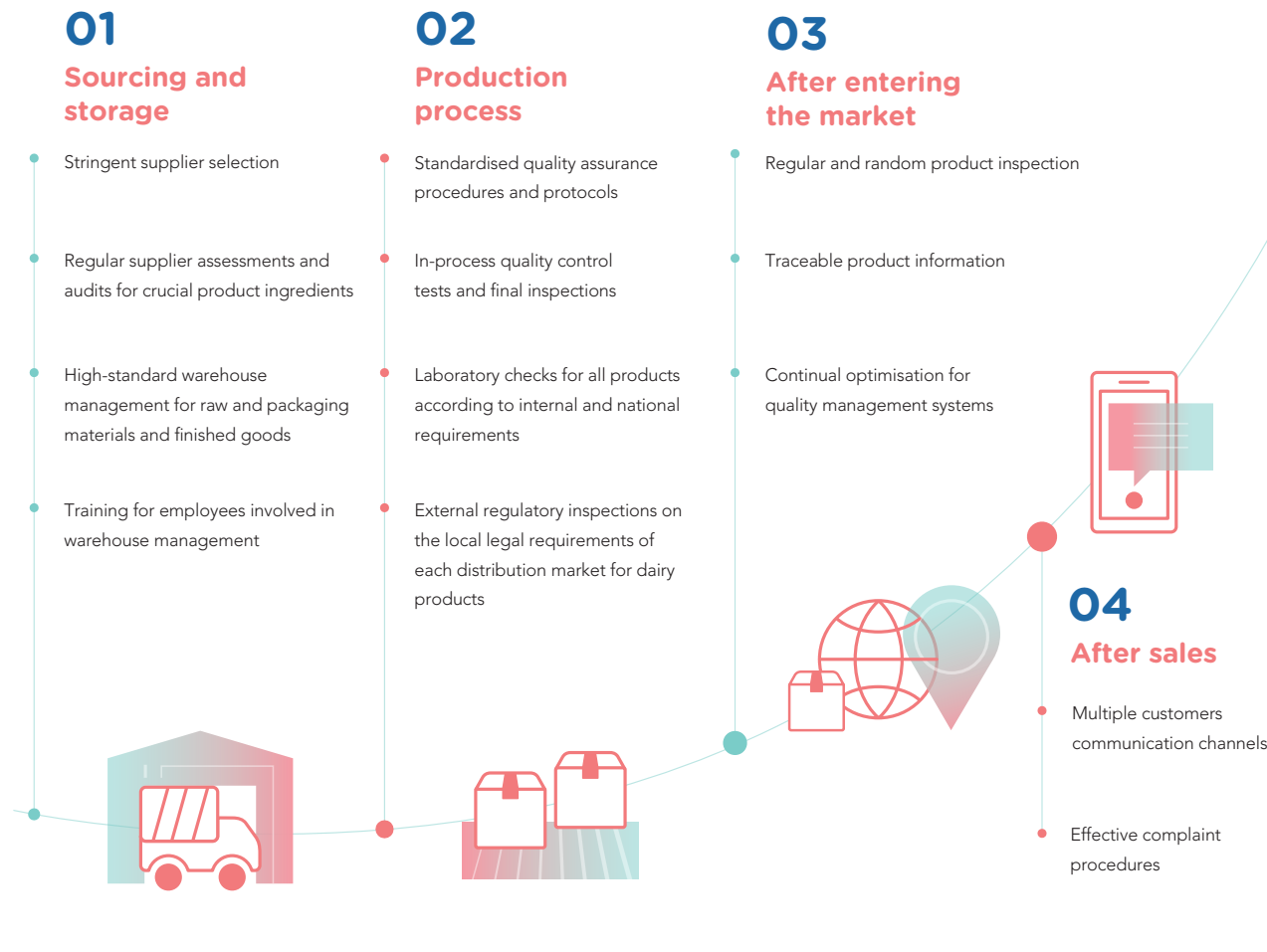
Kabrita goat milk formula maintains efficient quality management and is certified for multiple international food safety standards.



In the 2021 Australian Dairy Product Competition organised by the Dairy Industry Association of Australia ("DIAA"), OzFarm and Ausnutria were **awarded 18 Silver medals** in total for formulas and milk powders.



Safeguard product quality and safety at all stages of production



When complaints are received, the customer service team categorises the complaints according to their severity and promptly initiates an investigation. When senior advice or cross-team collaboration is required, issues may be escalated or forwarded to other teams. All complaints are documented for future reference and review in order to avoid recurrences. On a regular basis, trend analysis is conducted to identify areas for improvement particularly regarding food safety and quality. Additionally, Ausnutria closely monitors customer satisfaction in order to evaluate what customers expect from its products. In the PRC, the sales and customer service departments conduct quarterly and annual end-user and distributor surveys via phone calls, emails, and in-person visits. Ausnutria has also recently begun to utilise online platforms such as WeChat, its website, and QQ, along with AI technology and multimedia such as photos and animations, to collect feedback from a large number of customers and respond promptly.

Product Traceability Management and Product Recall Procedures

The Group will perform a trace-back investigation in case of any unsatisfactory conditions discovered during inspections or after purchases. To facilitate this, an electronic recording system is used to manage product information for each batch of products, including types of raw material used, manufacturing procedures, and logistics coordination. Additionally, information about the product's test results and logistics are encoded in QR codes on the product packaging to increase transparency and traceability of the manufacturing process for customers and other external parties.

Supply Chain Management

Supply chain management is a vital component of the Group's business operations and success. The Group has developed robust mechanisms to manage procurement procedures and regularly monitor the performance of all the suppliers we cooperate with across the globe. The management systems monitor supply chain activities and facilitate communication with suppliers on the Group's expectations for product quality, ensuring a stable and consistent supply of high-quality materials and services.

Verifying qualification of suppliers

Suppliers of raw and packaging materials are invited to complete self-assessment questionnaires regarding compliance with applicable laws and regulations, responsible business practices, and product quality. They are required to provide documents and certifications for verification, which may include:

- Internal quality control mechanisms
- Organic certifications
- ISO 22000 Food safety management systems certification
- HACCP certification

In addition, spot checks and on-site review are conducted to assure the quality and safety of raw materials.

Timely monitoring on quality control

Regular interviews, and internal and third-party audits are conducted to monitor suppliers' performances. If non-compliance is identified, the Group will work with the suppliers to rectify the issues immediately. To enhance suppliers' performance, the Group identifies the supplier's environmental and social risks to avoid potential failure on the compliance with the relevant requirements of the Group and laws and regulations.

Engagement with suppliers

The Group achieves mutual understanding with its suppliers through different communication channels, such as

- Annual supplier satisfaction surveys
- Monthly meetings with suppliers on production status in the PRC
- Mutual visits between the Group's dairy operation locations and its suppliers

Continuous improvement of the product development

The Group initiated innovative projects to ascertain the stable supply of key raw materials, such as whey protein, while valorising the side streams. In previous years, a goat whey protein ultrafiltration plant process was successfully implemented in the production facility in Ommen, the Netherlands. To further increase the accessibility of whey protein, the Group also commenced a project on "milk cracking" and building new facilities in Heerenveen since Year 2020 as part of the Processing Research Programme 2020-2024.

Sustainable Procurement Practices

Ausnutria advocates social and environmental sustainability throughout its supply chain as a whole. The implementation of sustainable procurement methods enables the Group to expand its efforts in promoting responsible and ethical operating practices to its suppliers. The Group takes into consideration social and environmental issues during procurement decision-making processes by including relevant metrics in supplier questionnaires and audits. These include assessing environmental performance in terms of energy, water, and waste management, as well as social performance in terms of the working environment, human rights, and community investment.

By means of procurement contracts in the PRC, the Group communicates its expectations regarding the supplier's environmental performance. Suppliers are obliged to comply with applicable environmental laws and regulations and to handle emissions, hazardous materials, and waste properly throughout the raw material sourcing, manufacturing, transporting and service offering stages. Suppliers that do not meet the Group's environmental performance requirements will be terminated. In order to strengthen cooperation with all suppliers in aspects including quality, environmental protection, occupational health and safety, acknowledgement letters were signed by all suppliers to confirm their understanding of the Group's expectations and requirements. Annual inspections are also carried out to keep track of the performance of suppliers, with higher ratings being awarded to those who practice strong environmental governance. Similarly, Ausnutria Netherlands continues to integrate environmental and social criteria into its procurement process with reference to international standards such as the ISO 14001 Environmental Management System and ISO 50001 Energy Management System. The supplier's performance is monitored and evaluated based on the number of complaints received, the frequency of price changes, and the punctuality of order delivery. The quality department conducts periodic audits of suppliers on a regular basis, with an emphasis on onsite audits. The Group hopes to work with its suppliers around the world to pursue a more sustainable supply chain while taking local characteristics into account.

Stabilising the supply of high-quality milk is essential for the production of premium dairy products. The Group is committed to sourcing high-quality milk from reputable and reliable milk producers located in golden milk zones such as the Netherlands and Australia. Farmel Holding B.V., the Group's associate company, is the key supplier of Dutch cow milk. This structure enables the Group to actively monitor milk quality and quickly trace the source of milk in the event of any problem arising.

Ausnutria has been working closely with Dutch goat farmers and fostering the growth of the industry to meet the market growth of its Kabrita goat milk series. The Group pays special attention to the treatment of farm animals, including but not limited to the feeding practices, use of medicine and living conditions. In this regard, apart from fulfilling the Group's quality standards, all goat farmers are required to obtain the "KwaliGeit" certification, a quality assurance programme introduced by NGZO in collaboration with the Dutch Federation of Agricultural and Horticultural Organisation. The assurance programme assesses farmers' performance against the industry practices on dairy goat farming via survey and on-site inspection, and incorporates the requirement of European hygiene regulations and other indicators such as marketing, environmental and animal care practices. Only goat farms that meet the standard are certified for their outstanding farm management.



Ausnutria strictly requires and ensures that 100% of its goat milk farmers in the Netherland are certified by the "KwaliGeit" programme.

Moreover, the Group participated in the Durability Programme, a voluntary initiative organised by NGZO to educate Dutch goat farmers about sustainable livestock farming practices. Ausnutria assists farmers financially and in other ways through workshops, newsletters, and farm visits. This initiative places a premium on animal health and welfare, energy and the environment, and the industry's image. Ausnutria has continued to support farmers in Year 2021 by offering a one-off allowance for the delivered raw milk, on top of the basic price for raw milk the goat farmer receives. This allowance is based on the scores of the farmer within the Durability Programme. To date, the Group recorded 100% goat farm's participation rate. The Group will continue to advocate for sustainable farms by encouraging participating goat farmers to acknowledge their efforts.



100% of Ausnutria's goat farmers participated in the Durability Programme by the end of 2021.

Appropriate grazing practices increase habitat diversity and pasture productivity. Ausnutria has been a signatory to the Outdoor Grazing Covenant since 2017. The covenant, which was founded in 2012, aims to promote outdoor grazing in the Netherlands. To this end, the Group, through its partner Farmel Dairy, offers a range of prices to farmers who provide grazing for their cows. With industry cooperation, the level of outdoor grazing in the country has shown a steady upward trend.

Strategic Business Partnering

Effective collaboration between different sectors is particularly vital for upholding social well-being during the difficult times of COVID-19 outbreak. In Year 2021, the Group continued to uphold the aim of creating a better life with nutrition and health by ensuring sufficient nutrition intake of the public to fight against the pandemic. The Group worked with suppliers and distributors in the PRC to respond to the government's call on securing the supply of dairy products while maintaining stable quality and price.

Actively Serving Consumers and Empowering Business Partners to Overcome Difficult Times Together

During the pandemic, social distancing and staying at home have become the norm. For this reason, Ausnutria continued to uphold the principle of providing consumer-first service, and developed agile responses for consumers to feel the care from the Group without leaving home. For instance, Ausnutria has set up a 24/7 hotline to offer consultation and respond timely to any aftersales enquiries in the PRC. By collaborating with various business partners, contactless delivery services were launched to effectively minimise unnecessary contact to maintain social distance. During such difficult times, the team committed to listening to and addressing customers' needs to help overcome the challenges brought by the pandemic together.

Understanding the impact of the pandemic on Ausnutria's business partners, considerable efforts were dedicated towards empowering distributors and stores in developing their online business platforms, marketing and services. For instance, professional teams were invited to relevant stores to provide training and guidance on live broadcasting, formulate and optimise online business processes. As a result, good relations with regular customers were maintained and new customers were engaged despite the pandemic.

Moreover, Ausnutria actively participates in the introduction of new technology and products by sharing market insights and providing feedback on new technology and products. By attending seminars and conferences held by the suppliers, the Group can get a better understanding of the supplier's future direction and to encourage the employment of new technology or product development in order to enhance the supplier's competitive advantage among peers.

The Group also engages suppliers to exchange information on the market trend and customer preference. In order to meet the market trend of green procurement, it works with packaging material suppliers to promote packaging innovations, such as optimising the specifications of cartons to save raw paper materials. Ausnutria is also actively engaging with its ingredient suppliers to keep sourcing more high-end ingredients for existing formula.

Driving the development of Special Food industry in China

Ausnutria participated in the 6th China Special Food Conference in Wuxi organised by CNHFA.

Around 2,200 people from the government, regulatory agencies, R&D professional institutions, and food industry attended this event to exchange industrial development trends and discuss the latest scientific research findings. It is also the aim of the event to promote China's special food industry's continuous innovation and high-quality development. At the meeting, industry experts presented an analysis of the current state of the industry, its progress, and recommendations, as well as forecasted future industrial development.

Ausnutria will continue to collaborate with the industry and its suppliers in order to achieve the common goal of protecting public health for the benefit of all. This will be accomplished through ongoing innovation and community investment.



The Group's Chairman, Mr. Yan Weibin (second from right) and forum participants addressed "new dimensions of infant product development in the future".

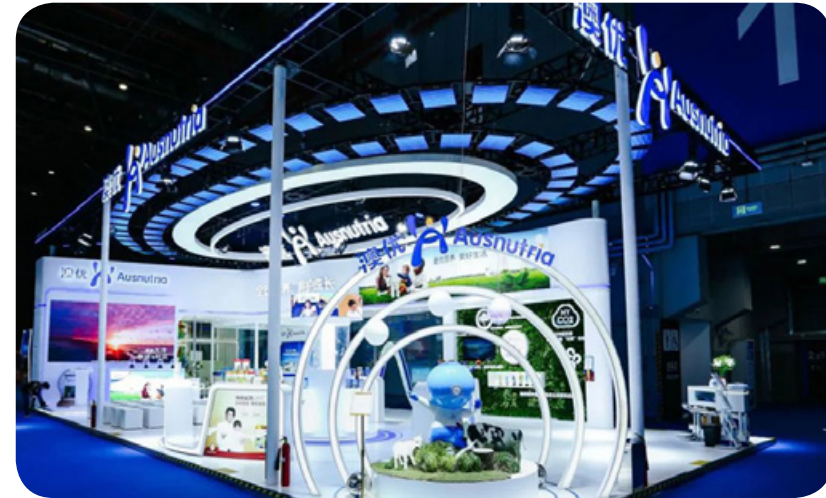


Group photo of all participants in the 6th China Special Food Conference in Wuxi.

Engagement with Distributors

The Group's distributors facilitate in bringing Ausnutria's products to market, enabling the Group to connect with and serve its end users. Ausnutria continues to develop training programmes for distributors in the PRC to enhance their management talents and knowledge. Additionally, the Group has undertaken joint business planning meetings with its key distributors to review the Group's sustainable business model and sales strategy.

Ausnutria's involvement at industrial expositions enables it to keep a close relationship with its business partners. For the fourth consecutive year, the Group participated in the China International Import Expo to provide distributors with practical knowledge and awareness of the Group's dairy and nutrition solutions in 2021. The Group introduced its newly launched premium goat milk products to distributors and buyers from various countries this year. The Expo was an important opportunity for the Group to extend its network, create industry collaboration, and promote its premium dairy products globally.



Ausnutria's on-site booth in the 4th China International Import Expo.



Ausnutria introduced its new goat milk powder products in the 4th China International Import Expo in Shanghai.

