



China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

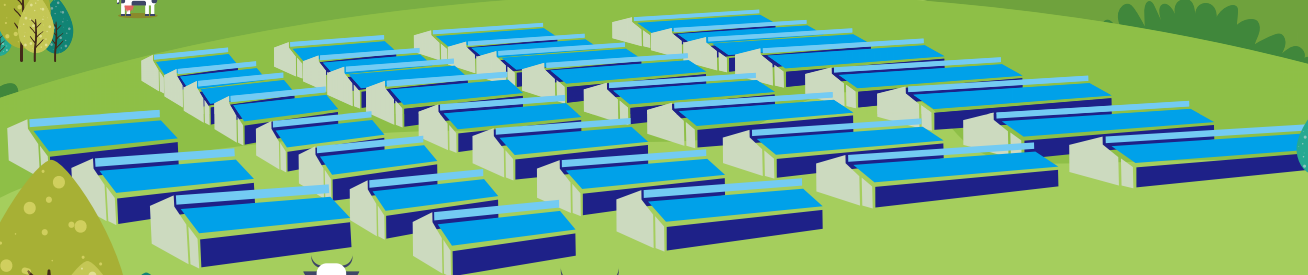
Stock Code 股份代號: 1117



连续五年荣获世界食品品质评鉴大会

金奖

2018 Interim Report 中期報告



* For identification purpose only 僅供識別

**“Farming diligently only for purity,
genuineness, freshness and vitality”**
「默默耕耘，只為純、真、鮮、活」

CORPORATE PROFILE

公司簡介

China Modern Dairy Holdings Ltd. (the “Company” or “Modern Dairy”) and its subsidiaries (collectively the “Group”) with headquarters located in Ma’anshan City, Anhui Province China, specialize in production and sales of milk. The Group is the largest dairy farming company and raw milk producer in China by herd size and milking volume. Its product is renowned for its freshness and superb quality. The Group initiated the production model of “zero-distance integration of forage grass planting, cow breeding and milk processing within two hours” which is qualified with SGS certification. With experienced management team, advanced equipments and scientific breeding and feeding technologies, Modern Dairy’s pure milk won the Gold Award of Monde Selection for five consecutive years. Modern Dairy is the first and only company that passed the “Quality Milk Project” for its pasteurized milk and UHT milk.

中國現代牧業控股有限公司(簡稱“本公司”或“現代牧業”)及其附屬公司(統稱「本集團」)，其總部位於中國安徽省馬鞍山市，是一家專門從事生產及銷售牛奶的企業。按牛群數量及原奶供應量，本集團是中國最大的乳牛畜牧公司及最大的原奶供應商，其產品以其新鮮及卓越品質而聞名。本集團首創「種養加一體化、零距離2小時」的生產模式通過SGS認證的企業。現代牧業擁有極具經驗的管理層團隊，先進的設備及科學的繁殖飼喂技術。其純牛奶連續五年獲得世界食品品質鑒定大會金獎。現代牧業也是首家且唯一一家巴士殺菌奶、UHT滅菌奶同時通過國家「優質乳工程」驗收的企業。



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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Ms. GAO Lina (*Deputy Chairman and Chief Executive Officer*)
Mr. HAN Chunlin (*Chief Operation Officer*)

Non-Executive Directors

Mr. LU Minfang (*Chairman*)
Mr. WOLHARDT Julian Juul
Mr. ZHANG Ping
Mr. WEN Yongping

Independent Non-Executive Directors

Mr. LI Shengli
Mr. LEE Kong Wai, Conway
Mr. KANG Yan

AUDIT COMMITTEE

Mr. LEE Kong Wai, Conway (*Chairman*)
Mr. WOLHARDT Julian Juul
Mr. KANG Yan

REMUNERATION COMMITTEE

Mr. LI Shengli (*Chairman*)
Mr. ZHANG Ping
Mr. KANG Yan

NOMINATION COMMITTEE

Mr. LU Minfang (*Chairman*)
Mr. LEE Kong Wai, Conway
Mr. KANG Yan

STRATEGY AND DEVELOPMENT COMMITTEE

Ms. GAO Lina (*Chairman*)
Mr. LI Shengli
Mr. WOLHARDT Julian Juul
Mr. WEN Yongping

AUTHORISED REPRESENTATIVES

Ms. GAO Lina
Mr. LI Kwok Fat (*CPA, ACIS, ACS*)

COMPANY SECRETARY

Mr. LI Kwok Fat (*CPA, ACIS, ACS*)

HEADQUARTERS

Economic and Technological Development Zone
Maanshan City, Anhui Province
PRC

董事會

執行董事

高麗娜女士 (*副主席兼總裁*)
韓春林先生 (*營運總經理*)

非執行董事

盧敏放先生 (*主席*)
WOLHARDT Julian Juul先生
張平先生
溫永平先生

獨立非執行董事

李勝利先生
李港衛先生
康龔先生

審核委員會

李港衛先生 (*主席*)
WOLHARDT Julian Juul先生
康龔先生

薪酬委員會

李勝利先生 (*主席*)
張平先生
康龔先生

提名委員會

盧敏放先生 (*主席*)
李港衛先生
康龔先生

戰略及發展委員會

高麗娜女士 (*主席*)
李勝利先生
WOLHARDT Julian Juul先生
溫永平先生

授權代表

高麗娜女士
李國發先生 (*CPA, ACIS, ACS*)

公司秘書

李國發先生 (*CPA, ACIS, ACS*)

總辦事處

中國
安徽省馬鞍山市
經濟技術開發區



CORPORATE INFORMATION 公司資料

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1-1104, Cayman Islands

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Finance Limited
PO Box 1093
Queensgate House
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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LEGAL ADVISORS

As to Hong Kong Law

Cleary Gottlieb Steen & Hamilton (Hong Kong)

As to PRC Law

Commerce & Finance Law Offices

As to Cayman Islands Law

Maples and Calder

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

Agricultural Development Bank of China Maanshan Branch
China Construction Bank Maanshan Branch
Bank of Communication Maanshan Branch
Citibank N.A. Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1117

WEBSITE

<http://www.moderndairyir.com>

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Grand Cayman, KY1-1104, Cayman Islands

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香港香港銅鑼灣告士打道262號
中糧大廈32樓A室

股份過戶登記總處

Maples Finance Limited
PO Box 1093
Queensgate House
Grand Cayman, KY1-1102
Cayman Islands

香港股份過戶登記分處

香港中央證券登記有限公司
香港灣仔皇后大道東183號
合和中心17樓1712-1716室

法律顧問

香港法律

佳利(香港)律師事務所

中國法律

通商律師事務所

開曼群島法律

Maples and Calder

核數師

德勤•關黃陳方會計師行

主要銀行

中國農業發展銀行馬鞍山市分行
中國建設銀行馬鞍山市分行
中國交通銀行馬鞍山分行
美國花旗銀行香港分行

股份代號

香港聯合交易所有限公司：1117

網址

<http://www.moderndairyir.com>



HIGHLIGHTS

摘要



▲ 5.3%



▼ 79.2%



▲ 67.3%



709 mn

▲ 6.7%



▲ 8.0%



▲ 0.5 tons



55.9%



REVENUE 收入

1H2018: Achieved total revenue of RMB2.47 billion, representing a year-on-year increase of 5.3%.

1H2018: 實現營業額24.7億元，同比增長5.3%。

NET LOSS NARROWED 淨虧損收窄

1H2018: Recorded net loss of RMB143 million, representing a year-on-year narrowing of 79.2%.

1H2018: 錄得淨虧損1.43億元，同比收窄79.2%。

CASH EBITDA 現金EBITDA ⁽¹⁾

1H2018: Cash EBITDA amounted to RMB731 million, representing a significant year-on-year increase of 67.3%.

1H2018: 現金EBITDA錄得7.31億元，同比大增67.3%。

NET OPERATING CASH INFLOW

經營現金淨流入

1H2018: Recorded a net operating cash inflow of RMB709 million (1H2017: a net outflow of RMB56 million).

1H2018: 錄得7.09億元經營現金淨流入(1H2017: 56百萬元淨流出)。

PRODUCTION VOLUME 產量

1H2018: Total production volume of raw milk amounted to 639,000 tons, representing a year-on-year increase of 6.7%.

1H2018: 原奶總產量達63.9萬噸，同比增長6.7%。

VOLUME OF SALES 銷售量

1H2018: Total sales volume of raw milk amounted to 623,000 tons, representing a year-on-year increase of 8.0%.

1H2018: 原奶總銷量62.3萬噸，同比增長8.0%。

MILK YIELD 單產

1H2018: Annual milk yield of a single milkable cow amounted to 10.3 tons, representing a year-on-year increase of 0.5 tons.

1H2018: 成乳牛年單產達10.3噸，同比增加0.5噸。

MILKABLE COW 佔比

1H2018: The proportion of milkable cow increased to 55.9% (1H2017: 52.5%).

1H2018: 成乳牛佔比提高至55.9%(1H2017: 52.5%)。



OTHER SIGNIFICANT EVENTS

- The pure milk of the Group was, for the fifth consecutive year, awarded the gold prize of Monde Selection, an honor generally regarded as “Nobel Prize” in the food and beverage industry, signifying the Group’s products being well recognized globally.
- Synergies with Mengniu Group are gradually emerging with positive synergistic effect reflected on procurement, financing, sales and marketing, production capacity and brand development.
- The production of the Associate Factories with Mengniu Group has been gaining its momentum. Leveraging on solid distribution network and marketing team of Mengniu Group, the Company’s dairy products gradually infiltrate into various markets, bringing new quality products to consumers. The Group focuses on the upstream farming business, raise good cows and produce quality milk.

其他亮點

- 本集團純牛奶連續五年榮獲素有食品界「諾貝爾獎」之稱的「世界食品品質評鑒大會」金獎榮譽，標誌著本集團產品已於全球獲得廣泛認同。
- 與蒙牛集團的協同效應逐漸顯現，正面協同效應可見於採購、融資、營銷、產能使用及品牌發展等方面。
- 與蒙牛集團共同建構的聯營工廠生產效益漸見顯著，憑藉蒙牛集團穩固的分銷網絡及營銷團隊，本公司奶品逐漸滲透各市場，為消費者帶來優質新產品。本集團銳意專注於上遊牧場業務，養好牛，產好奶。



Note:

- (1) Cash EBITDA is the losses before finance costs and tax after adding back: i) depreciation of property, plant and equipment; ii) amortization; iii) other gains and losses, net; iv) losses arising from changes in fair value less costs to sell of dairy cows; and v) impairment losses, net of reversal.

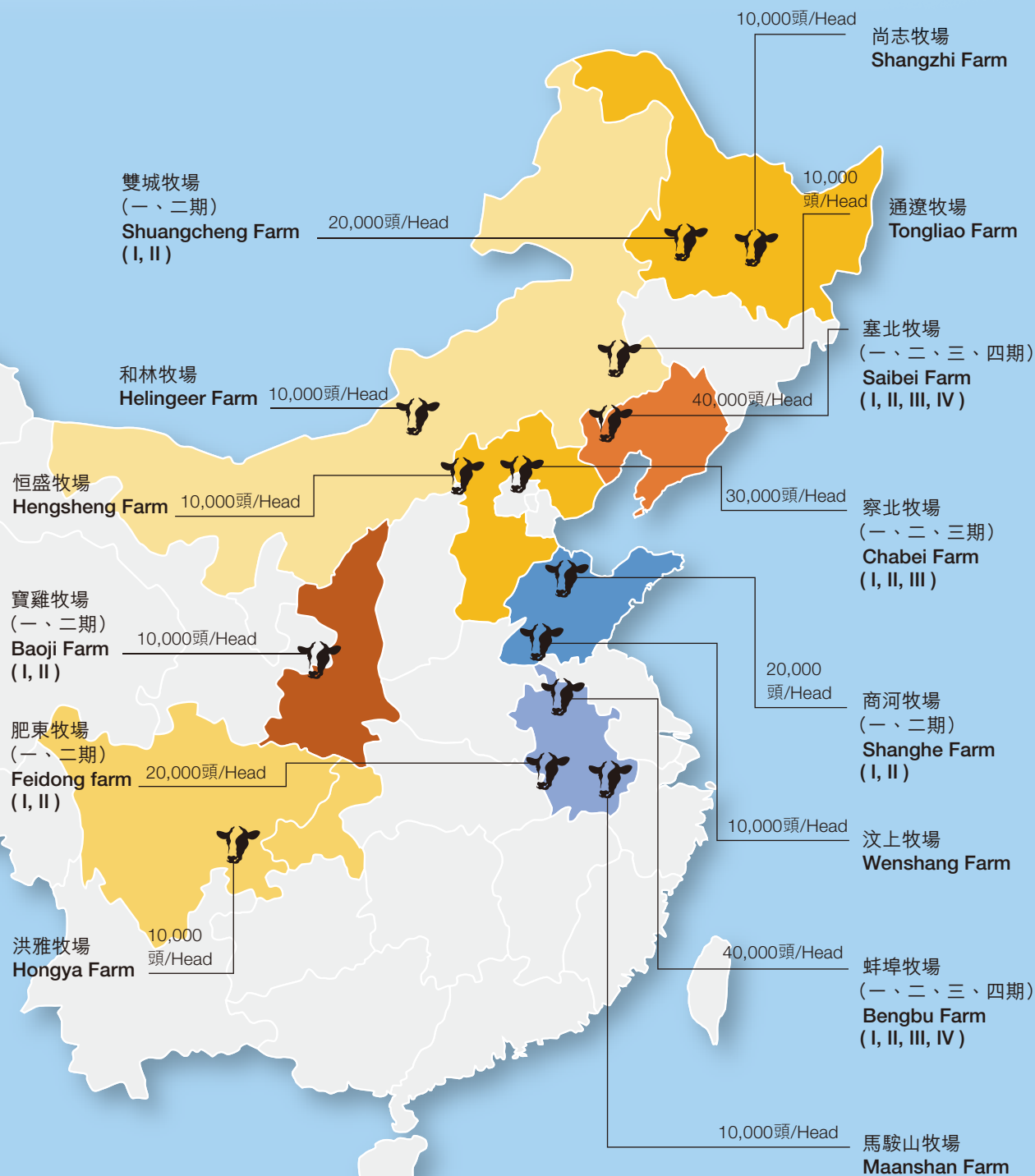
附註：

- (1) 現金EBITDA為加回以下項目後的融資成本及稅項前虧損：i) 物業廠房及設備折舊；ii) 攤銷；iii) 其他收益及虧損淨額；iv) 乳牛公平值變動減乳牛銷售成本產生的虧損；及v) 減值虧損扣除撥回。



FARM MAP

牧場位置圖



Approximate number of cows (Head)
乳牛約數量(頭)



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

Industry Overview

In the first half of 2018, China's Gross Domestic Product ("GDP") grew by 6.8% year-on-year, and remained within the range 6.7%-6.9% for the past twelve consecutive quarters. The per capita disposable income of China's residents had an actual increase of 6.6% excluding the price factor. In general, China's economy is expected to grow at a stable pace in the foreseeable future despite the hiccup caused by the recent China-US trade war.

During the reporting period, the operating environment of the upstream dairy industry remained challenging. Although the international auction price of milk powder recovered mildly from its trough, the domestic raw milk price was still weak due to seasonal effects. It is expected that the raw milk price will increase notably after the demand for raw milk picks up in the peak season in the second half of the year. The international geopolitics has been uncertain since the first quarter of 2018. The lingering of a China-US trade war resulting in tariffs imposed on US imported raw materials such as soybeans and alfalfa, posed pressure on the costs for the upstream agricultural industry.

Despite the uncertainties mentioned above, experts still believe that with the industry having undergone a three-year production capacity adjustment, the supply and demand of raw milk are approaching equilibrium, and the upstream dairy farming industry is entering a recovery period. The price of domestic raw milk usually repeats in a three-year cycle; yet the current cycle has been lengthened. The Group believes the prospect of the dairy product market remains promising given that the per capita disposable income of China's residents keep increasing and the Index of Consumer Sentiment being re-bounced. With the escalation of the per capita consumption of dairy product, the growing demand of dairy products in rural area, and the ongoing structural upgrade in consumption, the dairy market demonstrates enormous potential.

業務回顧

行業概覽

2018上半年，中國國內生產總值（「GDP」）同比增長6.8%，連續12個季度保持在6.7%-6.9%的區間，全國居民人均可支配收入扣除價格因素後實際增長6.6%。儘管近期中美貿易戰所帶來的影響，於可見未來中國經濟預期會延續整體平穩、穩中向好的運行態勢。

於匯報期內，上游乳業運營環境依然嚴峻，儘管國際奶粉拍賣價走出低谷溫和上漲，國內原奶售價因季節性原因仍相對疲弱，預計下半年進入需求旺季後原奶價格將進入明顯的上升軌道。自2018年第一季度以來，國際局勢風雲詭譎，中美貿易戰陰霾不散，對大豆及苜蓿草等美國進口原材料徵收關稅，為上游養殖業的成本造成壓力。

儘管國際局勢持續不明朗，行內專家仍普遍認為行業經過三年產能調整，原奶供需關係趨向平衡，上游養殖行業步入復蘇期。國內原奶價格通常三年一周期，唯本次周期時間被拉長。本集團認為，奶品市場發展前景仍然廣闊：國內居民人均可支配收入提高，消費者信心指數回升，隨著人均奶制品消費量提升、農村乳製品消費需求釋放，消費結構升級仍將持續，乳製品市場商機巨大。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

During the reporting period, the Chinese government has strengthened her determination in helping the development of the dairy industry. Relevant policy consultation papers were introduced successively contributing forth positive factors to the industry. In February 2018, the first draft of the consultation paper on the four new national standards for raw milk, pasteurized milk, sterilized milk and reconstituted milk was officially released for public comments. The introduction of raw milk grading mechanism, clearer guidelines for milk processing procedures, and the guidance on milk product packaging and labelling are conducive to enhancing the confidence for consumers, thereby boosting the consumption of domestic fresh milk and the development of high quality farms. The “Opinions of the General Office of the State Council on Promoting the Revitalization of the Dairy Industry to Ensure the Quality and Safety of Dairy Products” released in May 2018 positioned the dairy industry as an indispensable industry for cultivating a healthy China and a strong nation. It reaffirmed complementary interests and a win-win situation amongst dairy enterprises. It also strives to enhance the standard of milk quality, establishment of a raw milk grading mechanism and quality assurance with premium pricing. The central government of China aims at maintaining over 65% of dairy farms to have a herd size of over 100 dairy cows in order to retain the raw milk self-supply rate of over 70% by 2020, with the expectation of full revitalization of the dairy industry by 2025.

With the stabilization of raw milk price, the supply and demand of raw milk approaching equilibrium, and the release of favorable policies by the local government, the dairy industry has stepped out of a three-year downturn and entered into a new cycle.

報告期內，中國政府決心加強扶植乳業發展，相關指導文件陸續出台，為行業帶來利好因素。2018年2月，生乳、巴氏殺菌乳、滅菌乳和復原乳鑒定4個新國標第一次討論稿發布，正式徵求意見。生乳分級、加工工藝規範明確化、奶產品包裝標識等特徵有利於增強消費國產奶的信心、提升國內鮮奶的使用量、利好優質牧場發展。2018年5月，《國務院辦公廳關於推進奶業振興保障乳品質量安全的意見》發布，將乳業定位為健康中國、強壯民族不可或缺的產業。重申乳企間利益聯結、共享共贏，強化標準規範，建立生鮮乳質量分級體系，引導優質優價，力爭2020年100頭以上規模牧場養殖比重超過65%，原奶自給率保持在70%以上，2025年預期奶業實現全面振興。

走過三年行業低谷，隨著原奶價格趨穩、供求關係平衡、政府利好政策釋放，行業基本正式步入向上新周期。



Operational Performance

The Group is primarily engaged in two business segments: (i) dairy farming business, which mainly involves the production and sales of raw milk to customers for processing into dairy products; and (ii) the business of liquid milk, which mainly involves the production and sales of liquid milk products.

The Group has always continued to strive for high standards on raw milk quality. During the reporting period, our high-end products with “purity, genuineness, freshness and vitality”, the integration of “planting – farming – processing” and the advanced production model of two-hour from milking to processing have been highly recognised and trusted by the market. The Group always adheres to the principle of prioritized safety and health, proactively develops and implements modern scientific breeding and feeding know-how. Embracing the core objectives of “increasing production, reducing costs, and stopping losses”, the Group has lowered operating costs through improving nutrients, adjusting the dairy cows feeding mix, broadening sources of income and reducing expenditure. On the income aspect, the Group boosted the operating revenue by implementing modern management, improving the unit production output and optimizing the herd-size structure. Both the enhancement of unit production and cost reduction had led the Group’s business to a new era of development.

經營表現

本集團主要從事兩項業務，包括：(i) 奶牛養殖業務（主要生產和銷售原料奶予客戶用於加工成乳製品）；及(ii) 品牌液態奶業務（主要生產和銷售液態奶產品）。

報告期內，本集團一如既往地對原奶品質的高標準追求，以產品「純、真、鮮、活」的高端品質以及「種植－養殖－加工」一體化、擠奶到加工兩小時完成的先進生產模式贏得市場的信賴。本集團秉持安全質量及健康為先的原則，積極開發及實施現代化的科學養殖及喂飼技術。圍繞「增產、降本、止損」的核心目標，在本端，通過優化配方、調整飼料結構、開源節流降低成本；在收入端，通過現代化管理、提高單產、優化牛群結構增加營收，提單產、降成本雙管齊下，引領集團業務邁向新里程。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

For the six months ended 30 June 2018, the Group's unit price of the external sales of raw milk increased to RMB3.73/kg, up by 3.9% from RMB3.59/kg in the same period last year. With the increase in unit production output, the total milk yield of the Group in the first half of 2018 amounted to 636,000 tons, representing a year-on-year growth of 6.86%. During the reporting period, the sales revenue of raw milk realized by the Group as a whole was RMB2.227 billion, representing an increase of 14.86% on a year-on-year basis. Benefiting from an increase in average selling price of raw milk and higher milk yield, the gross profit margin of the Group's dairy farming business increased by 3 percentage points to 30.28% on a year-on-year basis.

Despite the business environment remaining difficult, all operation indicators have achieved some improvements. For the six months ended 30 June 2018, the Group's milk yield per cow was 10.3 tons, which was increased by 0.5 tons from 9.8 tons on a year-on-year basis, while the cash cost of raw milk was RMB2.42/kg which was basically the same as that for the corresponding period of last year.

As a pioneer in the domestic large-scale dairy farming, the Group was the first one to develop the production model of "integration of forage planting, dairy farming and dairy products processing". Leveraging on excellent corporate management, advanced scientific farming and high-quality raw milk products, the Group has been widely recognised both domestically and overseas. At the award ceremony of Monde Selection held in Spain on 24 May 2018, four of our products, the pure milk of Modern Dairy, "Fresh" pure milk, two-hour fresh milk (250ml) and two-hour fresh milk (1L), were all awarded the Gold Prize of Monde Selection 2018. The pure milk of Modern Dairy was awarded the Gold Prize for the fifth consecutive year, breaking the record of the world's pure milk category.

The Group will uphold the craftsmanship to produce high quality milk, promoting the revitalization of dairy industry in China. With ingenuity and optimizing the corporate operation with professional dedication, the Group strives to create values for its shareholders and provide healthy, high quality and fresh milk products to consumers.

截至2018年6月30日止六個月，本集團原奶外部銷售單價從上年同期的人民幣3.59元/公斤增長到人民幣3.73元/公斤，增幅達3.9%。隨著單產的提高，本集團於2018年上半年產奶量達63.6萬噸，同比上升6.86%。在報告期內，本集團整體實現原奶銷售收入人民幣22.27億元，同比上升14.86%。得益於原奶平均售價上漲及單產提升，本集團上半年奶牛養殖業務毛利率同比增加3個百分點達到30.28%。

雖然外部運營環境依舊艱難，但各項運營指標均取得一定的提升。截至2018年6月30日止六個月，本集團奶牛單產達10.3噸，較去年同期9.8噸提高了0.5噸。公斤原奶現金成本人民幣2.42元，與去年同期基本持平。

作為國內最早開展規模化養殖的探路者，本集團首創「牧草種植、奶牛養殖和乳品加工一體化」的生產模式，憑藉出色的企業管理、先進的科學養殖和高質的原奶產品屢次獲得國內外的廣泛認可。2018年5月24日於西班牙舉行的世界食品品質評鑒大會(Monde Selection)上，現代牧業純牛奶、鮮語純牛奶、2小時鮮牛奶(250ml)以及2小時鮮牛奶(1L) 4支參賽產品均榮膺2018年「世界食品品質評鑒大會金獎」，現代牧業純牛奶連續第5年斬獲大會金獎，五年冠再度刷新純牛奶世界金獎的記錄。

本集團將繼續堅持以匠人的堅持生產優質牛奶，以創新思維推動中國奶業振興，以敬業心態優化公司經營，為本集團的股東創造價值，為消費者帶來健康、優質和鮮美的奶品。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Associate Factories

In January 2018, Modern Farming (Group) Co., Ltd (“Modern Farming”), a subsidiary of the Company, strategically disposed 50% equity interest in Modern Dairy (Feidong) Co., Ltd. (“Feidong”)* (現代牧業(肥東)有限公司) and Modern Dairy (Bengbu) Co., Ltd. (“Bengbu”)* (現代牧業(蚌埠)有限公司), respectively, to Inner Mongolia Mengniu Dairy (Group) Company Limited (“Inner Mongolia Mengniu”), a subsidiary of China Mengniu Dairy Company Limited (“Mengniu”, together with its subsidiaries referred to as “Mengniu Group”), to form two associate factories (the “Associate Factories”). The disposal was completed in March 2018. Pursuant to the articles of association of Feidong and Bengbu, Inner Mongolia Mengniu has 51% of voting power at the shareholder meetings and three out of a total of five directors of each Feidong and Bengbu, and thus Inner Mongolia Mengniu has control over Feidong and Bengbu. The Group lost control of Feidong and Bengbu but has significant influence over Feidong and Bengbu, therefore classified them as associates of the Group.

Starting from the second quarter of 2018, the financial results of the Associate Factories were no longer consolidated into the financial statements of the Group. The products of the Associate Factories were sold to the Mengniu Group at cost plus pricing, while the Group shared the operational results of the Associate Factories by the equity accounting method. The Group’s share of profit of associate was RMB6.34 million in the reporting period. The Group will concentrate its resources on developing the upstream farming business, while the operation of the downstream branded milk business is handled by the team of Mengniu Group.

Heat Stress alleviation measures

In order to improve the living environment of dairy cows and minimize the hinderance of raw milk production arising from the impact of heat stress, the Group has invested a total of RMB86.1 million in relevant equipment, such as powerful fans and water sprinkler system in selected barns.

After the implementation of heat stress alleviation measures, there were obvious improvement in the milk yield per cow in the reporting period comparing to the same period in 2017 when the counter-heat-stress equipment were not yet in place. The Company will continue to deploy resources to upgrade the facilities in each barn and enhance the health of each dairy cow.

聯營工廠

於2018年1月，本公司的子公司現代牧業(集團)有限公司(「現代牧業(集團)」)向中國蒙牛乳業有限公司(「蒙牛」，及其附屬公司統稱「蒙牛集團」)的子公司內蒙古蒙牛乳業(集團)股份有限公司(「內蒙古蒙牛」)分別策略性出售現代牧業(肥東)有限公司(「肥東」)及現代牧業(蚌埠)有限公司(「蚌埠」)各50%股權，組成2家聯營工廠(「聯營工廠」)。該出售事項已於2018年3月完成。根據肥東和蚌埠公司章程，內蒙古蒙牛分別在肥東和蚌埠的董事會中五名董事佔三名，及分別在肥東和蚌埠的股東大會上有51%的投票權，因此控制了肥東和蚌埠。本集團失去對肥東及蚌埠的控制權，但對肥東及蚌埠具有重大影響力，因此將其分類為本集團的聯營公司。

自2018年二季度起，聯營工廠的財務業績不再計入本集團的綜合財務報表中，聯營工廠的產品以成本加成的方式向蒙牛系內公司轉銷，本集團則以權益法入賬分享聯營工廠的營運成果，於匯報期間本集團計入聯營公司收益為6.34百萬元。本集團將集中資源深耕上游養殖業務，下游品牌奶業務則由蒙牛集團團隊運營。

緩解熱應激措施

為了優化奶牛的生活環境，減少因熱應激影響對原奶產量的窒礙，本集團已於選定牛舍中投入總額人民幣8,610萬元的相關設備，如強力風扇和水噴淋系統。

實施熱應激緩解措施後，與尚未設立相關措施2017年同期對比，匯報期間每頭奶牛產奶量有明顯改善。公司將繼續調配資源，以提升每個牛舍的設施，並加強每頭奶牛的健康水平。



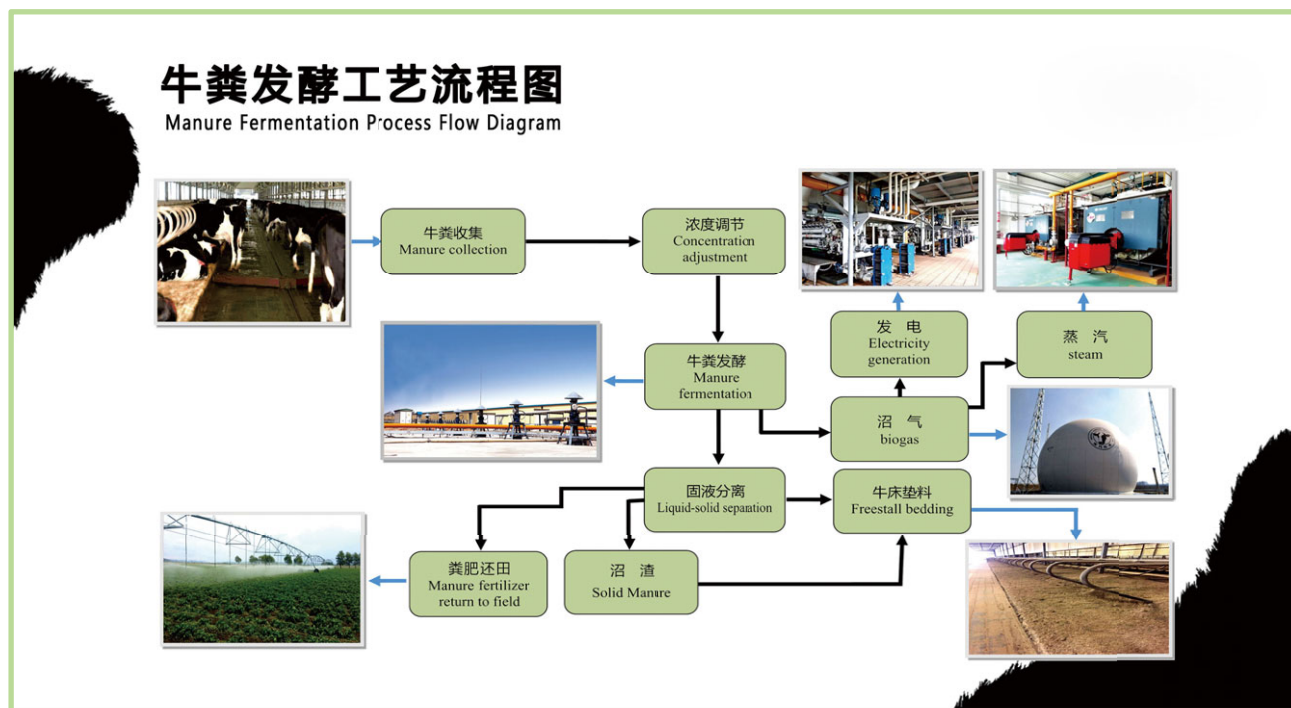
MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Environmental Protection and Epidemic Prevention

With the mission of “creating the world’s most advanced farms, producing the highest quality milk, and achieving harmonious development of people and nature”, the Group actively fulfills its social responsibilities and continuously improves environmental and social benefits in terms of product quality, epidemic control and environmentally friendly production. The Company’s various milk indicators are better than the EU standards. Food safety indicators are set in the raw milk production process, and the whole process is strictly monitored to ensure that the raw milk quality meets the standards. Since Mengniu increased its stake in the Company in 2017, the Group and Mengniu have enhanced cooperation in product testing, unified inspection standards and processes, improved testing efficiency and product quality. The Group strictly complies with relevant laws and regulations for epidemic prevention management, conducts health rating management for dairy cows, cautiously controls the environment of farms, refines the management of farms, provides epidemic prevention and protection for dairy cows, and establishes quarantine and health check plans for cows, to ensure the health of cows.

環境保護與疫控

本集團素以「創建世界最先進的牧場，生產世界最優質的牛奶，實現人與自然的和諧發展」為使命，積極履行社會責任，在產品質量、疫情管控、環保生產等方面不斷提高環境及社會效益。本公司的各項牛奶指標均優於歐盟標準，在原奶生產過程中設置食品安全指標，全程進行監控，確保原奶優質達標。自蒙牛於2017年增持本公司後，本集團與蒙牛加強在產品檢測的協同，統一檢驗標準和流程，提高檢測效率，繼續提高產品質量。本集團嚴格遵守相關法律法規的要求進行防疫管理，對奶牛進行健康評級管理，嚴控牧場環境，細化牧場出入管理、生產區防疫防護管理，為奶牛制定檢疫和健康檢查計劃，保障奶牛的健康。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Based on resource recycling, the Group has built a green recycling industrial chain of “forage planting – milk farming – fertilizer treatment – biogas power generation – fertilizer returning to the field”. Each farm is equipped with large-scale biogas power generation facilities and comprehensive utilization facilities for biogas fertilizer, which absorbs, digests and indiscriminately treats the manure. For sustainable development, the Group will continue to implement high-standard environmental protection policy and implements rigorous epidemic prevention measures in our farms.

本集團立足資源循環利用，構建一條「飼草種植－奶牛養殖－糞污處理－沼氣發電－糞肥還田」的綠色循環產業鏈。每期牧場都配建了大型沼氣發電設施和沼肥綜合利用設施，將糞污吸收、消化並進行無害化處理。為實現可持續發展，本集團將繼續奉行高標準的環保政策，並對我們的牧場實施嚴格的防疫措施。

Our farms

我們的畜牧場



As of 30 June 2018, the Group had 26 self-owned farms in mainland China with a total of approximately 225,782 dairy cows.

截至2018年6月30日，本集團共在中國內地自有營運26個畜牧場，共有約225,782頭乳牛。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Herd size

Dairy cows	乳牛
Milkable cows	奶牛
Heifers and calves	小乳牛及小牛
Total number of dairy cows	乳牛總計

We are the largest dairy farming company in terms of herd size as well as the largest raw milk producer in mainland China. As at 30 June 2018, the herd size is 225,782 compared to 233,058 as at 31 December 2017.

Milk yield

Milk yield per milkable cow is affected by a number of factors, such as a cow's stage of lactation, breed, genetics and feed mix. The Group achieved an average annual milk yield of 10.3 tons per cow during the reporting period, representing an increase of 5.10% from 9.8 tons for the corresponding period in 2017. Such results are attributable to effective herd management, genes optimisation of our cows by breeding, providing milkable cows with high quality feeds so as to enable them to reach the peak stage of lactation.

畜群規模

30 June 2018 2018年 6月30日 Heads 頭	31 December 2017 2017年 12月31日 Heads 頭
126,314	126,839
99,468	106,219
225,782	233,058

以畜群規模計，我們為中國內地最大奶牛養殖公司以及最大原奶生產商。於2018年6月30日，畜群規模為225,782頭，2017年12月31日為233,058頭。

產奶量

每頭奶牛產奶量受多項因素所影響，如乳牛的泌奶階段、品種、遺傳、及飼料調配。於報告期間，本集團錄得平均每頭奶牛年產奶量10.3噸，較2017年同期的9.8噸增加5.10%。這是由於有效的畜群管理、透過乳牛繁殖，優化乳牛基因，為奶牛提供優質飼料使其達至泌乳高峰期所致。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

FINANCIAL OVERVIEW

Total Revenue

Business segment analysis

財務概況

總收入

業務分部分析

Six months ended 30 June
截至6月30日止六個月

		2018			2017		
		External Sales	Internal Sales	Subtotal	External Sales	Internal Sales	Subtotal
		外部銷售	內部銷售	小計	外部銷售	內部銷售	小計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Segment	分部						
Sales of dairy farming business	奶牛養殖銷售業務	2,227,381	116,787	2,344,168	1,939,288	139,032	2,078,320
Sales of liquid milk products business	液態奶產品銷售業務	240,869	-	240,869	405,092	-	405,092
Consolidated revenue	合併收入	2,468,250	116,787	2,585,037	2,344,380	139,032	2,483,412

The Group's revenue increased by approximately 5.28% from RMB2.34 billion for the six months ended 30 June 2017 to RMB2.47 billion for the six months ended 30 June 2018, primarily due to the increase in sales of raw milk and the increase in average selling price ("ASP") of raw milk.

Dairy farming business

Dairy farming business is the production and sales of raw milk to customers for processing into dairy products. Revenue from our dairy farming business increased by 12.79% as compared to the corresponding period last year, in which raw milk sales volume increased by 7.96% as compared to the corresponding period last year and ASP of raw milk increased by 4.44% as compared to the corresponding period last year.

本集團的收入自截至2017年6月30日止六個月的人民幣23.4億元上升約5.28%至截至2018年6月30日止六個月的人民幣24.7億元，上升的主要原因是原奶銷售量增加及原奶平均售價（「平均售價」）上漲所致。

奶牛養殖業務

奶牛養殖業務是指生產原奶和銷售原奶予客戶用於加工成乳製品。我們的奶牛養殖業務收入較去年同期增加12.79%，其中：原奶銷售量較去年同期上升7.96%，原奶平均售價較去年同期上升4.44%。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

The following table sets out the sales amount, sales volume and ASP of our raw milk for the periods indicated:

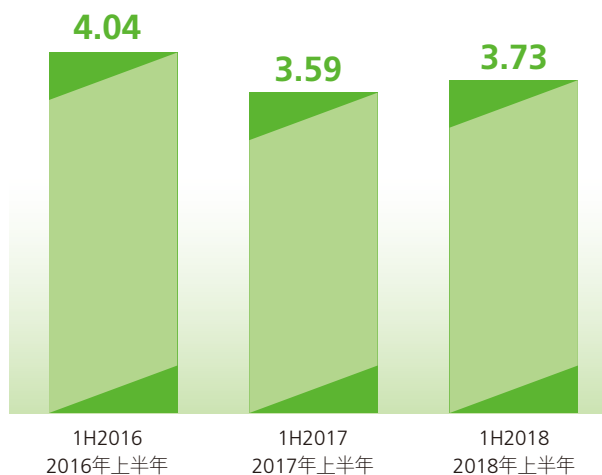
有關所示期間的原料奶的銷售收入、銷售量及平均售價詳見下表：

		Six months ended 30 June 截至6月30日止六個月					
		2018 2018年			2017 2017年		
		Sales amount	Sales volume	ASP	Sales amount	Sales volume	ASP
		銷售收入	銷售量	平均售價	銷售收入	銷售量	平均售價
		RMB'000	tons	RMB/KG	RMB'000	tons	RMB/KG
		人民幣千元	噸	人民幣元/公斤	人民幣千元	噸	人民幣元/公斤
Raw milk	原奶						
External sales	外部銷售	2,227,381	597,578	3.73	1,939,288	539,716	3.59
Internal sales	內部銷售	116,787	25,891	4.51	139,032	37,777	3.68
Subtotal	小計	2,344,168	623,469	3.76	2,078,320	577,493	3.60

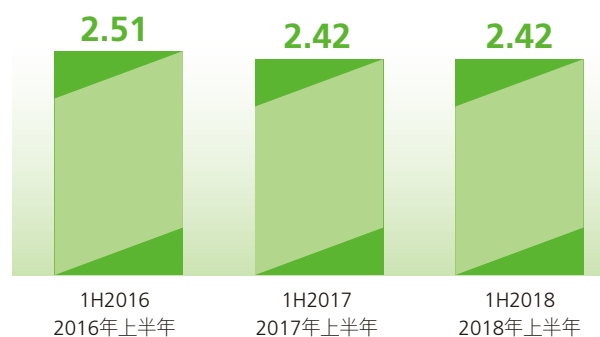
(RMB/kg)
(人民幣/公斤)

(RMB/kg)
(人民幣/公斤)

Raw Milk Price for External Sales 外部銷售的原奶價格



Raw Milk Cash Cost⁽¹⁾ 原奶現金成本⁽¹⁾



Note (1): (The sales cost of raw milk – depreciation of property, plant and equipment)/sales volume of raw milk.

附註(1)：(原奶銷售業務成本減去物業、廠房及設備折舊)/原奶銷售量。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

• Liquid milk products business

Revenue from liquid milk products business decreased by 40.49% from RMB405 million for the six months ended 30 June 2017 to RMB241 million for the six months ended 30 June 2018, primarily due to the handover of Associate Factories to Mengniu. The Associate Factories are no longer consolidated into the Group's financial statement but accounted by equity accounting method in the second quarter of 2018.

Thereafter, the total sales volume of our liquid milk decreased by 32.40% from 43,092 tons for the six months ended 30 June 2017 to 29,132 tons for the six months ended 30 June 2018.

The analysis of the sales of liquid milk is as follows:

Liquid milk products 液態奶產品

Six months ended 30 June 截至6月30日止六個月					
2018 2018年			2017 2017年		
Sales amount	Sales volume	ASP	Sales amount	Sales volume	ASP
銷售收入	銷售量	平均售價	銷售收入	銷售量	平均售價
RMB'000	tons	RMB/KG	RMB'000	tons	RMB/KG
人民幣千元	噸	人民幣元/公斤	人民幣千元	噸	人民幣元/公斤
240,869	29,132	8.27	405,092	43,092	9.40

• 液態奶產品業務

液態奶產品業務的收入自截至2017年6月30日止六個月的人民幣4.05億元減少40.49%至截至2018年6月30日止六個月的人民幣2.41億元。主要是於2018年第2季度，本集團將聯營工廠交予蒙牛經營，本集團不對聯營公司併表，改以權益法入賬所致。

自此液態奶總銷售量自截至2017年6月30日止六個月的43,092噸減少32.40%至截至2018年6月30日止六個月的29,132噸。

液態奶的銷售分析如下：

COST OF SALES BEFORE RAW MILK FAIR VALUE ADJUSTMENT

The Group's cost of sales before raw milk fair value adjustment primarily consisted of dairy farming cost and liquid milk products cost.

The following table sets forth the breakdown of the cost of sales for our products for the periods indicated:

原料奶公平值調整前的銷售成本

本集團的原料奶公平值調整前的銷售成本主要包括奶牛養殖成本及液態奶產品成本。

下表載列本集團產品於所示期間的銷售成本明細：



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Cost of sales before raw milk fair value adjustments

原料奶公平值調整前的成本

• Dairy farming business

• 奶牛養殖業務銷售

		Six months ended 30 June 截至6月30日止六個月			
		2018 2018年		2017 2017年	
		RMB'000 人民幣千元	% 百分比	RMB'000 人民幣千元	% 百分比
Feed cost	飼料成本	1,220,762	74.70%	1,142,298	75.40%
Labor cost	勞工成本	116,875	7.15%	102,753	6.78%
Utilities	公用事業費用	45,734	2.80%	32,865	2.17%
Depreciation	折舊	124,163	7.60%	117,976	7.79%
Other costs of farms	畜牧場其他開支	126,774	7.75%	119,140	7.86%
Subtotal of cost of sales before raw milk fair value adjustment of dairy farming business	原料奶公平值調整前的 奶牛養殖業務銷售 成本小計	1,634,308	100%	1,515,032	100%
Inter-segment cost	內部成本	(68,380)		(101,111)	
Cost of sales before raw milk fair value adjustment of dairy farming business	原料奶公平值調整前的 奶牛養殖業務銷售 成本	1,565,928		1,413,921	

With the increase in the sales volume of raw milk, the total feed cost (before eliminating cost of sales in relation to internal supply of raw milk) for the six months ended 30 June 2018 increased to RMB1,221 million from RMB1,142 million for the corresponding period of 2017, representing an increase of 6.92%, which was in line with the increase in sales for the period under review.

Meanwhile, the cost (excluding depreciation) per ton of raw milk sold (before offsetting cost of sales in relation to internal consumption of raw milk) increased by 0.12% from RMB2,419 for the corresponding period last year to RMB2,422 for the six months ended 30 June 2018, mainly due to an increase in startup expenses of newly added equipment for improving heat stress.

隨著原奶銷量的增加，截至2018年6月30日止六個月的總飼料成本(對銷內部原料奶供應相關銷售成本前)由2017年同期的人民幣11.42億元增至人民幣12.21億元，增幅為6.92%，與回顧期間的銷售增幅相約。

同時，我們售出的每噸原料奶的成本(抵銷內部原料奶消耗相關銷售成本前)(除折舊外)，由去年同期的人民幣2,419元略增至截至2018年6月30日止六個月的人民幣2,422元，增幅為0.12%，主要是改善熱應激所新增設備的啓用費用增加所致。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

• Liquid milk product business

• 液態奶產品業務

Six months ended 30 June

截至6月30日止六個月

		2018 2018年		2017 2017年	
		RMB'000 人民幣千元	% 百分比	RMB'000 人民幣千元	% 百分比
Raw materials	原材料	196,850	89.09%	280,029	78.34%
Labor cost	勞工成本	6,530	2.96%	15,711	4.39%
Depreciation	折舊	6,152	2.78%	26,260	7.35%
Utilities	公共事業費用	6,834	3.09%	11,579	3.24%
Other processing costs	其他加工成本	4,595	2.08%	23,893	6.68%
Subtotal of cost of sales before raw milk fair value adjustment of liquid milk product business	原料奶公平值調整前的 液態奶產品業務銷售 成本小計	220,961	100%	357,472	100.00%
Inter-segment cost	內部成本	(54,062)		(45,997)	
Cost of external sales before raw milk fair value adjustment of liquid milk product business	原料奶公平值調整前的 液態奶產品業務外部 銷售成本	166,899		311,475	

Raw material cost for the six months ended 30 June 2018 decreased from RMB280.0 million for the corresponding period last year to RMB196.9 million, representing a decrease of 29.70% due to the handover of the Associate Factories to Mengniu as mentioned above.

Cost (excluding depreciation) per ton of liquid milk sold decreased from RMB7,686 for the corresponding period last year to RMB7,374 for the six months ended 30 June 2018, representing a decrease of 4.06%.

截至2018年6月30日止六個月的原材料成本由去年同期的人民幣280.0百萬元減少至人民幣196.9百萬元，跌幅為29.70%。承前所述主要是於報告期內，本集團將聯營工廠交予蒙牛經營所致。

我們售出的每噸液態奶的成本(除折舊外)，由去年同期的人民幣7,686元降低至截至2018年6月30日止六個月的人民幣7,374元，降幅為4.06%。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Gross Profit and Profitability

The following table sets out the analysis of gross profit and gross profit margin of two operating segments for the periods indicated:

毛利及盈利能力

下表載列我們運營的兩個業務分部於所示期間的毛利及毛利率分析：

		Six months ended 30 June 截至6月30日止六個月			
Business Segment	業務分部	2018 2018年		2017 2017年	
		Gross profit 毛利 RMB'000 人民幣千元	margin 毛利率	Gross profit 毛利 RMB'000 人民幣千元	Gross profit margin 毛利率
Dairy farming business	奶牛養殖業務				
	Before elimination 對銷前	709,860	30.28%	563,288	27.10%
	After elimination 對銷後	661,453	29.70%	525,367	27.09%
Liquid milk products business	液態奶產品業務				
	Before elimination 對銷前	19,908	8.27%	47,620	11.76%
	After elimination 對銷後	73,970	30.71%	93,617	23.11%

• Dairy farming business

Gross profit of the dairy farming business (before eliminating cost of sales in relation to internal supply of raw milk) increased by 26.03% from RMB563.3 million for the six months ended 30 June 2017 to RMB709.9 million for the six months ended 30 June 2018. The growth was primarily due to the increase in ASP of raw milk as well as in unit production output.

Gross profit margin of the dairy farming business (before eliminating cost of sales in relation to internal supply of raw milk) increased from 27.10% for the six months ended 30 June 2017 to 30.28% for the six months ended 30 June 2018, primarily due to the increase in ASP of raw milk.

• 奶牛養殖業務

奶牛養殖業務的毛利(對銷內部原料奶供應相關銷售成本前)自截至2017年6月30日止六個月的人民幣563.3百萬元增加26.03%至截至2018年6月30日止六個月的人民幣709.9百萬元。上述增加主要是由於原奶平均售價上漲及單產提升所致。

奶牛養殖業務的毛利率(對銷內部原料奶供應相關銷售成本前)自截至2017年6月30日止六個月的27.10%增至截至2018年6月30日止六個月的30.28%，主要是由於原料奶平均售價上漲所致。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

• Liquid milk products business

The liquid milk products were sold to Mengniu Group at cost plus pricing in the first quarter of 2018. Gross profit of our liquid milk products business decreased by 58.19% from RMB47.6 million for the six months ended 30 June 2017 to RMB19.9 million for the six months ended 30 June 2018, while the marketing and promotion expenses included in the sales and distribution costs were significantly decreased, gross profit margin of our liquid milk products business decreased from 11.76% for the six months ended 30 June 2017 to 8.27% for the six months ended 30 June 2018, which was mainly due to the fact that the financial results of the Associate Factories ceased to be consolidated into the consolidated financial statement of the Group starting from the second quarter of 2018.

LOSSES ARISING FROM CHANGES IN THE DAIRY COW FAIR VALUE LESS COST OF SALES OF DAIRY COWS

The fair value of the Group's dairy cows as at 30 June 2018, was determined by the directors of the Company with reference to the value as at 31 December 2017 that has been arrived based on the independent valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. As at 30 June 2018, the biological assets of the Group were valued at RMB7,681.3 million (as at 31 December 2017: RMB7,751.1 million). Losses arising from changes in the dairy cow fair value less cost of sales of dairy cows were RMB434.7 million for the six months ended 30 June 2018 (for the six months ended 30 June 2017: RMB497.1 million), representing a decrease of 12.55% year-on-year, mainly due to the increase of average selling price of culled dairy cows.

• 液態奶產品業務

2018年一季度液態奶產品採用和成本加成的方式賣給蒙牛集團。液態奶產品業務的毛利自截至2017年6月30日止六個月的人民幣47.6百萬元減少58.19%至截至2018年6月30日止六個月的人民幣19.9百萬元。同時計入銷售及分銷成本的液態奶營銷及宣傳開支也大幅下降，液態奶產品業務的毛利率也自截至2017年6月30日止六個月的11.76%下降至截至2018年6月30日止六個月的8.27%。主要是由於自2018年第二季度起聯營工廠的財務業績不再計入本集團的綜合財務報表所致。

乳牛公平值變動減乳牛出售成本產生的虧損

本集團乳牛於2018年6月30日的公平估值，乃由本公司董事參考於2017年12月31日的估值（由仲量聯行企業評估及諮詢有限公司進行獨立估值）而釐定的。於2018年6月30日本集團生物資產估值為人民幣7,681.3百萬元（於2017年12月31日：人民幣7,751.1百萬元）。截至2018年6月30日止六個月，乳牛公平值變動減乳牛出售成本產生的虧損為人民幣434.7百萬元（截至2017年6月30日止六個月：人民幣497.1百萬元），同比降低12.55%。主要是由於淘汰乳牛的平均售價上漲所致。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

GAINS ARISING FROM INITIAL RECOGNITION AT FAIR VALUE LESS COST OF SALES AT THE POINT OF RAW MILK HARVEST

Our gains arising from initial recognition at fair value less cost of sales at the point of raw milk harvest increased by 25.53% from RMB501.4 million for the six months ended 30 June 2017 to RMB629.4 million for the six months ended 30 June 2018, mainly due to the increase in ASP of raw milk as well as an increase in unit production output.

International Financial Reporting Standards (IFRS) requires that raw milk harvested should be initially measured at fair value less cost of sales, and the difference between the fair value less cost of sales and the actual costs incurred should be charged to profit or loss.

OTHER INCOME

For the six months ended 30 June 2018, other income amounted to RMB34.3 million (for the six months ended 30 June 2017: RMB27.8 million). Other income mainly consisted of government grants and interest income. Government grants mainly consisted of subsidies for agricultural projects and subsidies for the operations of the Group.

OPERATING EXPENSES

Selling and distribution costs	銷售及分銷成本
Administrative expenses	行政開支
Total operating expenses	經營開支總額

於原料奶收穫時按公平值減銷售成本初始確認產生的收益

我們於原料奶收穫時按公平值減銷售成本初始確認產生的收益自截至2017年6月30日止六個月的人民幣501.4百萬元增加25.53%至截至2018年6月30日止六個月的人民幣629.4百萬元。主要由於原奶平均售價上漲及單產提升所致。

國際財務報告準則要求按公平值減銷售成本初始計量已收穫的原料奶，而公平值減銷售成本與所產生的實際成本之間的差異計入損益內。

其他收入

截至2018年6月30日止六個月，其他收入為人民幣34.3百萬元（截至2017年6月30日止六個月：人民幣27.8百萬元），其他收入主要包括政府補貼及利息收入，政府補助金主要包括對農業項目的補貼及對本集團營運提供補助。

經營開支

Six months ended 30 June 截至6月30日止六個月

2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
93,560	244,351
106,762	209,691
200,322	454,042



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

The overall operating expenses of the Group decreased from RMB454.0 million for the six months ended 30 June 2017 to RMB200.3 million for the six months ended 30 June 2018. The analysis is as follows:

- Selling and distribution costs**

The analysis of the selling and distribution costs is set forth below:

Dairy farming business

Transportation costs and others

Liquid milk segment

Transportation, loading and unloading costs

Staff remuneration

Publicity expenses

Others

Business tax and surcharge

Total selling and distribution costs

奶牛養殖業務

運輸費及其他

液奶分部

運輸裝卸費

職工薪酬

宣傳費

其他

稅金及附加

銷售及分銷成本總額

本集團的整體經營開支由截至2017年6月30日止六個月的人民幣454.0百萬元降至截至2018年6月30日止六個月的人民幣200.3百萬元。分析如下：

- 銷售及分銷成本**

銷售及分銷成本分析如下：

Six months ended 30 June
截至6月30日止六個月

2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
86,105	73,618
982	34,321
1,712	22,217
585	80,138
2,748	33,018
1,428	1,039
93,560	244,351

Selling and distribution costs mainly consisted of, among other things, transportation costs for sales of raw milk and sales of liquid milk, salaries of sales personnel and daily expenses.

The amount of raw milk transportation costs included in selling and distribution costs increased to RMB85.7 million for the current period from RMB73.6 million for the corresponding period of last year. This was mainly due to an increase in both the sales volume of raw milk and the transportation distance for sales of raw milk.

銷售及分銷成本主要包括原奶銷售和液態奶銷售的運輸費用、銷售人員工資和日常開支等。

計入銷售及分銷成本的原奶運輸費用由上年同期的人民幣73.6百萬元增加至截至本期的人民幣85.7百萬元。主要是由於銷售原奶數量及原奶銷售的運輸距離增加所致。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

The amount of liquid milk marketing and promotion expenses included in selling and distribution costs decreased significantly to RMB0.6 million for the six months ended 30 June 2018 from RMB80.1 million for the corresponding period of last year. This was mainly due to the change in the sales model of the downstream business of the Group in the midterm of 2017, the liquid milk products of the Associate Factories have been sold to Mengniu Group at cost plus pricing starting from the second quarter of 2018, and Mengniu Group have borne the selling expenses of the downstream business including marketing costs since then.

- **Administrative expenses**

During the reporting period, the administrative expenses were RMB106.8 million, which decreased significantly by RMB102.9 million as compared to the corresponding period of last year in the amount of RMB209.7 million, representing a decrease of 49.09%.

Administrative expenses mainly consisted of, among other things, remuneration of management (including equity-based share option expenses) and depreciation of office buildings, staff quarters and facilities, of which remuneration of management (excluding equity-based share option expenses) decreased from RMB58.7 million for the six months ended 30 June 2017 to RMB49.6 million for the end of the reporting period. This was mainly because the sales of liquid milk was handled by Mengniu and the marketing management personnel of the Group decreased since the formation of the Associate Factories has resulted in a significant decrease in relevant costs.

During the six months ended 30 June 2018, the equity-based restricted share expenses included in the administrative expenses amounted to RMB2.56 million. Comparing with the same period of last year, this has significantly reduced primarily because there was an one-off amortization of unamortized value of options during the corresponding period in 2017.

計入銷售及分銷成本的液態奶營銷及宣傳開支由上年同期的人民幣80.1百萬元大幅降低至截至2018年6月30日止六個月的人民幣0.6百萬元。主要是2017年中期集團的下游業務銷售模式發生改變，自2018年第2季開始聯營工廠的液態奶產品採用成本加成的方式賣給由蒙牛集團，蒙牛集團承擔下游業務的市場推廣等銷售費用所致。

- **行政開支**

於本報告期內，本集團錄得行政開支為人民幣106.8百萬元，與上年同期人民幣209.7百萬元比較，大幅減少人民幣102.9百萬元，減幅達49.09%。

行政開支主要包括管理人員薪酬(含以股權結算的購股權開支)及辦公樓、職工宿舍與設施折舊等，其中管理人員薪酬(不包括以股權結算的購股權開支)由截至2017年6月30日止六個月的人民幣58.7百萬元降至截至匯報期末的人民幣49.6百萬元。主要自組成聯營工廠後，液態奶銷售由蒙牛負責，本集團的市務行銷管理人員減少，致使相關支出大幅下降所致。

截至2018年6月30日止六個月行政開支中包括以股權結算的限制性股票開支人民幣2.56百萬元。與去年同期相比，此大幅下降主要由於2017年同期的期權未攤銷價值作一次性攤銷所致。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

OTHER GAINS AND LOSSES, NET

During the reporting period, the Group recorded a net loss arising from other gains and losses of RMB54.3 million (the amount for the corresponding period of last year amounted to RMB183.2 million). Other gains and losses mainly consisted of, among other things, foreign exchange losses and impairment loss from receivables.

The breakdown of other gains and losses is as follow:

其他淨收益及虧損

本集團於報告期內錄得其他收益及虧損所產生的淨虧損為人民幣54.3百萬元(上年同期為人民幣183.2百萬元)。其他收益及虧損主要包括外匯虧損及應收賬款減值損失等。

其他收益及虧損明細如下：

		Six months ended 30 June 截至6月30日止六個月	
		2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Other gains and losses:	其他收益及虧損：		
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	16,876	-
Loss from settlement of Modified Considerations	結清經修訂代價的虧損	-	15,361
Net foreign exchange loss	外匯虧損淨額	50,474	4,546
Loss on disposal of property, plant and equipment, net	出售物業、廠房及設備虧損淨額	3,225	1,681
Gains arising on disposal of subsidiaries	出售附屬公司的收益	(18,193)	-
Impairment loss on trade receivables	應收貿易賬款減值虧損	-	156,400
Net loss on foreign currency forward	外匯遠期虧損淨額	2,152	1,949
Others	其他	(226)	3,280
		54,308	183,217

FINANCE COSTS

Finance costs decreased by 19.0% from RMB183.0 million for the corresponding period of last year to RMB148.2 million for the current reporting period. The decrease in finance costs was mainly due to the fair value net gain of RMB23.4 million on the interest rate swaps during the current period arising from partial hedging of syndicated loan of US\$300 million fixed in the third quarter of 2017, and a decrease in the average effective annual interest rate of borrowings.

財務開支

財務開支由去年同期的人民幣183.0百萬元減少19.0%至截至本匯報期間的人民幣148.2百萬元。融資成本降低主要由於2017年第三季度鎖定部份3億美元銀團貸款的利率後錄得本期利率掉期公平值淨收益23.4百萬元及借款實際平均年利率降低所致。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The loss attributable to owners of the Company amounted to RMB140.3 million for the six months ended 30 June 2018, which was significantly improved as compared to RMB666.3 million for the corresponding period in 2017. It was primarily due to the synergy effect arising from the cooperation between the Group and Mengniu, and the improvement of the Group's overall operations.

Basic loss per share was approximately RMB2.30 cents (for the six months ended 30 June 2017: basic loss per share of RMB11.20 cents).

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2018, the Group's net cash inflow used in operating activities amounted to RMB709.5 million, as compared to net cash outflow generated from operating activities of RMB56.6 million for the six months ended 30 June 2017.

The Group's total equity as at 30 June 2018 was RMB6,914.1 million (as at 31 December 2017: RMB7,088.4 million). Its debt-to equity ratio (total amount of bank loans, bonds and notes over total equity) was 102.9% (as at 31 December 2017: 104.8%).

As at 30 June 2018, the Group's available and unutilized banking facilities amounted to approximately RMB3,626.4 million (31 December 2017: RMB6,306.5 million). In the opinion of the Group's management, the Group is able to repay the relevant amount in full as the financial obligations fall due for the next twelve months.

本公司持有人應佔虧損

截至2018年6月30日止六個月，本公司持有人應佔虧損為人民幣140.3百萬元，較2017年同期本公司持有人應佔虧損人民幣666.3百萬元大幅改善。主要由於集團與蒙牛的合作產生協同效應及本身整體營運有所提昇所致。

每股基本虧損約人民幣2.30分(截至2017年6月30日止六個月：每股基本虧損人民幣11.20分)。

流動資金及財務資源

截至2018年6月30日止六個月，本集團的經營活動所使用的現金流量淨流入為人民幣709.5百萬元，截至2017年6月30日止六個月所得為淨流出為人民幣56.6百萬元。

本集團於2018年6月30日的總權益為人民幣6,914.1百萬元(於2017年12月31日：人民幣7,088.4百萬元)。債務權益比率(銀行貸款，債券及票據總額除以總權益)為102.9%(於2017年12月31日：104.8%)。

於2018年6月30日，本集團的可動用及未動用銀行融資額度約人民幣3,626.4百萬元(2017年12月31日：人民幣6,306.5百萬元)。本集團的管理層認為，於未來十二個月本集團將能夠於財務責任到期應付時悉數償還有關款項。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Interest-bearing borrowings

As at 30 June 2018, the total interest-bearing debt was RMB7,116.4 million.

有息借款

於2018年6月30日，有息負債總額為人民幣7,116.4百萬元。

		As at 於	
		30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Borrowings	借款		
Bank borrowings	銀行借款	4,470,536	3,477,257
Medium-term notes	中期票據	599,545	1,798,380
Other borrowing	其他借款	1,000,000	1,103,799
Corporate bonds	企業債券	1,046,309	1,045,761
		7,116,390	7,425,197
Carrying value repayable:	應償還賬面值：		
Within one year	一年以內	3,544,409	3,866,949
Between one and two years	一至兩年內	1,346,309	1,364,676
Between two and five years	兩至五年內	2,225,672	2,193,572
		7,116,390	7,425,197



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Bank borrowings

The effective annual interest rate of the bank borrowings for the six months ended 30 June 2018 varied from 0.45% to 4.8% (for the six months ended 30 June 2017: 0.90% to 6.40%).

The table below sets forth our short-term and long-term bank borrowings for the dates indicated below:

銀行借款

截至2018年6月30日止六個月內，銀行借款的實際年利率變幅為0.45%至4.8%（截至2017年6月30日止六個月：0.90%至6.40%）。

下表列載我們於下列所示日期的短期及長期銀行借款：

		30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Type of borrowings	借款類別		
Unsecured borrowings	無抵押借款	3,332,017	2,603,229
Secured borrowings	有抵押借款	417,936	12,500
Guaranteed borrowings	已擔保證借款	720,583	861,528
		4,470,536	3,477,257
Carrying amount repayable:	應償還賬面值：		
Within one year	一年以內	1,944,864	1,564,228
Between one to two years	一至兩年內	300,000	516,000
Between two to five years	兩至五年內	2,225,672	1,397,029
		4,470,536	3,477,257



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Other borrowings

In May 2017, the Group entered into two entrusted loan agreements with Mengniu Group and Agricultural Bank of China (“ABC”) pursuant to which, Mengniu Group agreed to offer borrowing facilities of RMB1.5 billion to the Group through ABC. The borrowing facilities will mature in May 2020 and bear interest at fixed rates determined with reference to the benchmark interest rate of the People’s Bank of China. During the reporting period, the Group drew down borrowings of RMB1,061,000 and repaid RMB1,061,000 under the agreements. The outstanding amount of the other borrowings as at 30 June 2018 will mature within one year and bear interest at a fixed rate of 4.00% per annum.

The breakdown of principal is as follow:

Principal amounts payable:	應償還本金額：
Within one year	一年內
– Collateralised borrowing	– 有抵押借款
– Borrowings from Mengniu Group	– 蒙牛集團借款

其他借款

於2017年5月，本集團與蒙牛集團及中國農業銀行（「農行」）訂立兩項委託貸款協議，據此，蒙牛集團同意透過農行向本集團提供借款融資人民幣15億元。借款融資將於2020年5月到期並參考中國人民銀行基準利率固定計息。於匯報期間，本集團已根據有關協議提取借款人民幣1,061,000元及償還人民幣1,061,000元。於2018年6月30日的未償還其他借款金額將於一年內到期並按年利率4.00%計息。

本金明細如下：

30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (Audited) (經審核)
–	38,399
1,000,000	1,065,400
1,000,000	1,103,799

GROUP STRUCTURE AND CAPITAL STRUCTURE

Save for disclosed in this interim report, during the period under review, there was no material change in the structure of the Group.

As at 30 June 2018, the number of issued ordinary shares of the Company was 6,131,406,706 shares.

本集團架構及資本架構

除本中期報告披露者外，於回顧期間，本集團架構並無發生任何重大變動。

於2018年6月30日，本公司的已發行普通股為6,131,406,706股股份。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

CONTINGENCIES LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2018, buildings and equipment, and biological assets with carrying value of RMB42.7 million (31 December 2017: RMB93.9 million) and RMB893.6 million (31 December 2017: RMB1,154.2 million) respectively were pledged to secure the Group's borrowings.

The Group did not have any significant contingent liabilities as at 30 June 2018.

CAPITAL COMMITMENTS AND OPERATING LEASE COMMITMENT

As at 30 June 2018, the Group has a capital commitment of RMB16 million related to acquisition of property, plant and equipment.

As at 30 June 2018, the Group has operating lease commitments of RMB11.3 million related to the operating leased property, plant and equipment and leased land.

FINANCIAL MANAGEMENT POLICIES

The Group will continue to closely monitor its financial risks so as to safeguard the interests of the shareholders of the Company. The Group applies its cash flows generated from operation and bank loans to its operational and investment needs.

Except for the bank borrowings that denominated in currencies other than Renminbi, the Group's management considers that the Group has limited foreign currency exposure in respect of its operations since its operations are mainly conducted in mainland China. Sales and purchases are mainly denominated in Renminbi and the foreign currency risks associated with refined feeds and farm facilities are not material. In view of the foreign currency exchange and interest rate risk related to its borrowings, the Group cautiously uses derivative contracts to hedge against its exposure to foreign currency and interest rate risks. The management strictly complies with relevant hedging policy, reviews and assesses relevant risks from time to time, and takes necessary measures when appropriate.

或然負債及資產抵押

於2018年6月30日，樓宇及設備，以及生物資產的賬面值分別為人民幣42.7百萬元(2017年12月31日：人民幣93.9百萬元)及人民幣893.6百萬元(2017年12月31日：人民幣1,154.2百萬元)已抵押作本集團借款的擔保。

於2018年6月30日，本集團並無任何重大或然負債。

資本承諾及經營租務承擔

於2018年6月30日，本集團有關收購物業、廠房及設備的資本承諾為人民幣16百萬元。

於2018年6月30日，本集團有關經營租用物業、廠房、設備以及租賃土地的經營租賃承擔為人民幣11.3百萬元。

財務管理政策

本集團將持續嚴密控制財務風險以保障本公司股東權益。本集團利用經營所得現金流量及銀行貸款以應付其經營及投資需要。

除了非人民幣的外幣銀行貸款外，本集團的管理層認為，本集團面對與其營運有關的外匯風險有限，因為我們的業務主要於中國內地經營。買賣主要以人民幣計值，而與精飼料及畜牧設施有關的外匯風險並不重大。考慮到存有與借款有關的外匯及利率風險，本集團現時謹慎地採用衍生工具合約作對沖用途。管理層嚴緊依照有關對沖政策，不時審議及評估相關風險及適時作出必要對策。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

SHARE AWARD SCHEME

The Company operates a restricted share award scheme (the “Share Award Scheme”) which was adopted by the Company on 9 September 2016. The goal of the Share Award Scheme is to motivate the employees to maximize the value of the Company and share the results of the Company with the employees in order to achieve sustainable development of the Group.

During the reporting period, no award shares of the Company were granted to any selected participants. Up to 30 June 2018, the total number of award shares granted to selected participants was 35,969,000, representing approximately 0.59% of the issued share capital of the Company. Out of the total award shares granted, 13,274,000 award shares were granted to certain members of the management, which would vest in two tranches, each on the second, and third anniversaries of the grant date provided that certain performance and service conditions are met. The remaining award shares of 22,695,000 were granted to the eligible employees.

The granted award shares are subject to the terms and condition of the Share Award Scheme and the fulfillment of all vesting conditions to the vesting of the award shares imposed on such selected participant as specified in the rules of the Share Award Scheme and the grant notice. Amongst the award shares, 6,451,000 were forfeited due to resignation of selected participants, while the remaining award shares granted are still outstanding and not yet vested as at 30 June 2018.

As the total contributed amount of the Share Award Scheme has reached its limit, on 26 March 2018, the Company amended the Share Award Scheme, referred to as Share Award Scheme II. The amendment will not affect any rules of award scheme made prior to 26 March 2018, which shall for all purposes continue to be administered and take effect in accordance with the rules of Share Award Scheme as adopted on 9 September 2016. As at 30 June 2018, no award share was granted under the Share Award Scheme II.

股份獎勵計劃

本公司運作其於2016年9月9日採納的一項限制性股份獎勵計劃(「股份獎勵計劃」)。股份獎勵計劃旨在激勵僱員為本公司創造最大價值及與本公司僱員分享成果，以令本集團實現可持續發展。

於報告期間，並無向任何獲選參與者授出本公司獎勵股份。截至2018年6月30日，本公司已向獲選參與者授予的獎勵股份總數為35,969,000股，佔本公司於2018年6月30日已發行股本約0.59%。於所有授出獎勵股份中，13,274,000股獎勵股份授予若干管理層成員，於授出日期的第二個周年及第三個周年各歸屬兩個部分，惟須符合若干表現及服務條件。剩餘22,695,000股獎勵股份則授予合資格僱員。

已授出獎勵股份須符合股份獎勵計劃的條款及條件，且須達成股份獎勵計劃規則及授股通知中規定向獲選參與者歸屬獎勵股份的所有歸屬條件。在獎勵股份中，6,451,000股股份因選定參與者離職而被沒收，而餘下已授出的獎勵股份於2018年6月30日尚未歸屬。

由於股份獎勵計劃的供款總額已達到上限，所以於2018年3月26日，本公司修訂股份獎勵計劃，稱為股份獎勵計劃II。本公司於2018年3月26日對上述計劃規則之修訂不會影響2018年3月26日之前的任何獎勵計劃規則，該前獎勵計劃規則將繼續按照2016年9月9日通過的規則繼續管理和生效。於2018年6月30日，概無根據股份獎勵計劃II授出任何獎勵股份。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

SOCIAL RESPONSIBILITY

The Group has been proactively fulfilling its social responsibility and adheres to the principle of safety and quality come first, proactively develops and implements modern scientific breeding and feeding know-how. The Group puts great effort to strike a balance between business growth and social responsibility, so as to convey the Group's care and blessing to all consumers. The Group promotes a forage grass industrialization operation mode of "enterprise + base + farmer", establishes a close relationship between growers and farmers by way of signing price protection purchase contracts, drives the poor farmers around the dairy farms to engage in forage grass planting, and encourages the dairy farmers around dairy farms to breed dairy cows, which has effectively increased the income of farmers.

The Group's social responsibility efforts have widely spread from dairy breeding, accountable quality, green development to employee development and social care. The Group has always adhered to the concept of "people-oriented", and taken the responsibility for promoting sustainable development of the dairy industry, giving back to the nature and serving the society.

HUMAN RESOURCES AND REMUNERATION OF EMPLOYEES

The Group had 4,660 employees (31 December 2017: 5,097) in mainland China and Hong Kong as at 30 June 2018. Total staff costs (including staff compensation capitalised to immature dairy cows) for the six months ended 30 June 2018 were approximately RMB212.4 million (for the six months ended 30 June 2017: RMB250.0 million).

The Group values recruiting, training and retaining quality personnel. We recruit talented employees from local universities, vocational schools and other technical schools, and we provide these employees with various pre-employment and on-the-job training. The Group also offers remuneration at competitive rates with the aim of retaining quality personnel.

社會責任

本集團積極履行社會責任，秉持安全質量為先的原則，積極開發及實施現代化的科學養殖及喂飼技術。努力在發展業務與社會責任之間取得平衡，讓廣大消費者感受到現代牧業傳遞的關愛和幸福。集團推行「企業+基地+農戶」的飼草產業化經營模式，以簽訂保護價收購合同的方式在種植戶和養殖戶之間構建起緊密關係，輻射帶動牧場周邊貧困農戶從事飼草種植，鼓勵帶動周邊奶牛養殖戶養殖奶牛，有效增加了農戶收入。

本集團的社會責任之路，從乳牛培育、責任品質、綠色發展再到員工成長及至社會關懷，本集團一貫秉承「以人為本」的理念，擔當起推動奶業可持續發展、回饋自然、服務社會的責任。

人力資源及僱員薪酬

於2018年6月30日，本集團於中國內地及香港擁有4,660名僱員(2017年12月31日：5,097名)。截至2018年6月30日止六個月總員工成本(含資本化至未成熟奶牛的職工薪酬)約為人民幣212.4百萬元(截至2017年6月30日止六個月：人民幣250.0百萬元)。

本集團注重招募、培訓及挽留優質人員。我們從本地大學、職業學校及其他技術學校招募人才，並向我們的僱員提供各種職前及在職培訓。本集團亦提供具競爭力的薪酬，以挽留優質人員。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

OUTLOOK

Since the decade-old melamine incident in 2008, China's dairy industry has essentially been upgraded from quantity-oriented expansion to quality-oriented improvement, from extensive farming to refined management, and from a traditional industry to a modern one. With gradual phasing out of individual dairy farm and the capacity optimization of large-scale farming enterprises, the industry concentration and the quality of products have achieved further improvement. The large-scale farming in mainland China with herd size of more than one hundred cows increased from less than 20% in 2007 to 56% in 2017. In the meantime, the quality and safety of Chinese dairy products have been substantially enhanced with the average passing rate of monitored raw milk achieving 99.8% in 2017, ranking the first in the food industry.

In the first half of 2018, the upstream farming industry remained challenging in light of the weak domestic selling price, the ongoing competition from the imported powders and dairy products, and the increasing feed costs triggered by the China-United States trade war. Nevertheless, the Group is full of confidence in the long-term development of China's dairy industry. After three year of production adjustment, China's dairy industry is stepping into a new cycle. The regional and urban-rural imbalances of dairy product consumption are significant. With upgrade in consumption, product innovation, category optimization, as well as the improvement of regional imbalance in respect of dairy product consumption, the dairy market is promising and sustainable for growth.

With a better equilibrium between the supply and demand of raw milk, the Group estimates that the price of raw milk will demonstrate an upward trend in the second half of 2018. The Group will ride on the trend to maximise its milk production, reduce costs, and cut loss in the upstream business, while seeking collaboration, cooperation, and win-win solutions in the downstream business. By upholding the spirit of craftsmanship to produce high quality milk, we aim to provide consumers with nutritious and healthy milk, contribute solid power for upgrading China's dairy industry, and create value for the shareholders of the Group.

前景

自2008年三聚氰胺帶來十年乳業之殤，中國乳業基本實現由外延式總量擴張到內延式質量提升、由粗放式養殖到精細化管理、由傳統產業到現代產業的升級。上游散戶逐步退出，大型養殖業企業產能優化，行業集中度及乳品質量進一步提升：我國百頭以上的規模養殖牧場由2007年的不到20%提高至2017年的56%。與此同時，中國乳製品質量安全水平亦大大提昇，2017年生鮮乳監測平均合格率達99.8%，位居食品行業首位。

2018上半年，上游養殖業依然面對嚴峻挑戰，國內原奶售價疲弱，進口大包粉和進口乳製品衝擊不斷、中美貿易戰使飼料成本承壓。本集團仍對中國乳業長期發展充滿信心。經過三年的產能調整，中國乳業正站在一個新周期的起點。當前國內乳製品消費量區域不平衡、城鄉不平衡狀況顯著，隨著消費升級、產品創新、品類優化、乳製品消費區域間不平衡被打破，乳品市場依然市場廣闊及可持續增長。

隨著原奶的供需漸趨平衡，本集團預計2018年下半年原奶價格將步入上升軌道。站在新里程的起點，本集團將順勢而為，上游增產、降本、止損；下游協同、合作、共贏。以匠人的精神，為消費者提供具營養價值的牛奶，為中國乳業的升級轉型貢獻堅實的力量，為集團股東創造的價值。



REPORT OF THE DIRECTORS

董事會報告

The board of directors (the “Directors” or the “Board”) of China Modern Dairy Holdings Ltd. (the “Company”) would like to present their interim report together with the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2018.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, the interests and short positions of the Directors and the chief executives of the Company and their respective associates in the ordinary share of HK\$0.1 each in the share capital of the Company (“Shares”), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

中國現代牧業控股有限公司(「本公司」)董事會(「董事」或「董事會」)謹此提呈其中期報告，連同本公司及其附屬公司(「本集團」)截至2018年6月30日止六個月的未經審核簡明合併財務報表。

中期股息

董事會並無宣派任何截至2018年6月30日止六個月的中期股息(截至2017年6月30日止六個月：無)。

董事及主要行政人員於股份、相關股份及債券的權益及淡倉

於2018年6月30日，董事及本公司主要行政人員及彼等各自的聯繫人於本公司股本中每股面值0.1港元的普通股股份(「股份」)、本公司及其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)的相關股份及債券中，擁有根據證券及期貨條例第352條須登記於本公司存置的登記冊的權益及淡倉，或根據上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及香港聯合交易所有限公司(「聯交所」)的權益及淡倉如下：

Name of Director 董事姓名	Nature of interest 權益性質	Number of Shares or underlying Shares 股份或相關股份數目	Approximate percentage of shareholding interest 股權概約百分比
Ms. GAO Lina ⁽¹⁾ 高麗娜女士 ⁽¹⁾	Interest in controlled corporation 受控制法團權益	221,581,733 ⁽¹⁾	3.61%
	Beneficial owner 實益持有人	38,077,916 ⁽²⁾	0.62%
Mr. HAN Chunlin 韓春林先生	Beneficial owner 實益持有人	23,628,916 ⁽³⁾	0.39%

Notes:

- (1) Ms. Gao holds approximately 49.12% of the interests in Jinmu Holdings Co Ltd. (“Jinmu”). Ms. Gao is deemed to be interested in the 221,581,733 Shares held by Jinmu under the SFO.
- (2) This represents legal and beneficial interest of 4,800,000 Shares in the Company, 4,001,000 awarded Shares granted on 24 April 2017 but not yet vested under the Company’s share award scheme adopted on 9 September 2016 (the “Share Award Scheme”), and 29,276,916 share options in underlying shares of the pre-IPO management options (the “Management Options”) granted by the Company.

附註：

- (1) 高女士擁有Jinmu Holdings Co Ltd.(「Jinmu」)約49.12%權益。根據證券及期貨條例，高女士被視為為Jinmu所持221,581,733股股份中擁有權益。
- (2) 這指4,800,000合法實益持有的本公司股份、根據本公司2016年9月9日所採納的股份獎勵計劃(「股份獎勵計劃」)於2017年4月24日授出但尚未歸屬的4,001,000股獎勵股份，以及本公司所授出首次公開發售前管理層購股權(「管理層購股權」)的相關股份中29,276,916份購股權。



REPORT OF THE DIRECTORS

董事會報告

(3) These represent 1,975,000 Shares granted but not yet vested under the Share Award Scheme, and 21,653,916 share options in underlying Shares of the Management Options granted by the Company, details of which are set out in the sections "Share Award Scheme" and "Pre-IPO Management Options" below.

(3) 這相當於根據股份獎勵計劃已授出但尚未歸屬的1,975,000股股份及本公司所授出管理層購股權的相關股份中21,653,916份購股權，有關詳情載於下文「股份獎勵計劃」及「首次公開發售前管理層購股權」各節。

INTEREST IN ASSOCIATED CORPORATION

於相聯法團的權益

Name of Director 董事姓名	Name of associated corporation 相聯法團名稱	Number of shares in associated corporation 於相聯法團的 股份數目	Approximate percentage of shareholdings interest 概約百分比
Mr. Lu Minfang 盧敏放先生	China Mengniu Dairy Company Limited 中國蒙牛乳業有限公司	1,807,442	0.05%
Mr. Zhang Ping 張平先生	China Mengniu Dairy Company Limited 中國蒙牛乳業有限公司	494,470	0.01%
Mr. Wen Yongping 溫永平先生	China Mengniu Dairy Company Limited 中國蒙牛乳業有限公司	520,584	0.01%

Note: Mr. Lu Minfang, Mr. Zhang Ping and Mr. Wen Yongping are non-executive Directors of the Company. Mr. Lu Minfang is an executive director and chief executive officer of China Mengniu Dairy Company Limited ("Mengniu"). Mr. ZHANG Ping is a chief financial officer of Mengniu. Mr. WEN Yongping is the assistant vice president of Mengniu and the general manager of the milk sources business department of Mengniu. As at the date of this report, Mengniu holds 60.76% of the issued share capital of the Company.

附註：盧敏放先生、張平先生及溫永平先生均為本公司的非執行董事。盧敏放先生為中國蒙牛乳業有限公司（「蒙牛」）的執行董事兼總裁。張平先生為蒙牛的首席財務官。溫永平先生為蒙牛的副總裁兼蒙牛奶源事業部總經理。於本報告日期，蒙牛持有本公司已發行股本60.76%。

Saved as disclosed above, as at 30 June 2018, none of the Directors and the chief executives of the Company and their respective associates had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，於2018年6月30日，董事及本公司主要行政人員及彼等各自的聯繫人概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債券中，擁有根據證券及期貨條例第352條須登記於本公司存置的登記冊的任何權益及淡倉，或根據標準守則須知會本公司及聯交所的任何權益及淡倉。



REPORT OF THE DIRECTORS

董事會報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2018, the interests or short positions of substantial shareholders, other than the Directors or the chief executives of the Company and their respective associates, in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be maintained under Section 336 of the SFO were as follows:

主要股東權益

於2018年6月30日，主要股東(董事或本公司主要行政人員及彼等各自的聯繫人除外)於本公司或其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債券中擁有根據證券及期貨條例第336條須登記於登記冊的權益或淡倉如下：

Name of substantial shareholders 主要股東名稱	Capacity/Nature of interest 身份／權益性質	Number of Shares 普通股數目	Percentage of the Company's issued Share Capital 佔本公司已發行股本百分比
China Mengniu Dairy Company Limited 中國蒙牛乳業有限公司	Beneficial interest 實益權益	1,317,903,000 (L) ⁽¹⁾	21.49%
	Interest in controlled corporation 受控制法團權益	2,407,866,412 (L) ⁽²⁾	39.27%
Future Discovery Limited	Beneficial interest 實益權益	2,407,866,412 (L)	39.27%
Central Huijin Investment Ltd. 中央匯金投資有限責任公司	Interest in "other" capacity under Part XV of the SFO 根據證券及期貨條例第XV部以「其他」身份持有的權益	363,903,000 (L) 689,438,782 (S)	5.94% 11.24%
	Interest in controlled corporation (through BOCI Financial Products Limited) 受控制法團權益(透過中銀國際金融產品有限公司)	325,535,782 (L)	5.31%
	Interest in controlled corporation (through Nam Tung (Macao) Investment Limited) 受控制法團權益(透過澳門南通信託投資有限公司)	1,500,000 (L)	0.02%
	Interest in "other" capacity under Part XV of the SFO 根據證券及期貨條例第XV部以「其他」身份持有的權益	363,903,000 (L) 689,438,782 (S)	5.94% 11.24%
Bank of China Limited 中國銀行股份有限公司	Interest in controlled corporation (through BOCI Financial Products Limited) 受控制法團權益(透過中銀國際金融產品有限公司)	325,535,782 (L)	5.31%
	Interest in controlled corporation (through Nam Tung (Macao) Investment Limited) 受控制法團權益(透過澳門南通信託投資有限公司)	1,500,000 (L)	0.02%
	Interest in controlled corporation (through Nam Tung (Macao) Investment Limited) 受控制法團權益(透過澳門南通信託投資有限公司)	1,500,000 (L)	0.02%



REPORT OF THE DIRECTORS

董事會報告

Name of substantial shareholders 主要股東名稱	Capacity/Nature of interest 身份／權益性質	Number of Shares 普通股數目	Percentage of the Company's issued Share Capital 佔本公司已發行股本百分比
BOC International Holdings Limited	Interest in "other" capacity under Part XV of the SFO	363,903,000 (L)	5.94%
	根據證券及期貨條例第XV部於「其他」身份的權益	689,438,782 (S)	11.24%
	Interest in controlled corporation (through BOCI Financial Products Limited) 受控制法團權益(透過中銀國際金融產品有限公司)	325,535,782 (L)	5.31%
BOCI Financial Products Limited	Beneficial interest 實益權益	325,535,782 (L)	5.31%
中銀國際金融產品有限公司	Interest in "other" capacity under Part XV of the SFO 根據證券及期貨條例第XV部以「其他」身份持有的權益	363,903,000 (L) 689,438,782 (S)	5.94% 11.24%

Notes:

- (1) Among which up to 689,438,782 shares of the Company have been lent to BOCI Financial Products Limited pursuant to a securities lending agreement dated 18 May 2017 entered into between Mengniu as lender and BOCI Financial Products Limited as borrower.
- (2) The interests refer to the same parcel of underlying shares in the Company. Future Discovery Limited is the subsidiary of Mengniu.
- (3) Total issued shares of the Company as at 30 June 2018 was 6,131,406,706
- (4) (S) Indicates a short position.
- (5) (L) Indicates a long position.

Save as disclosed above, the Company had not been notified of any other interests or short positions in the shares or underlying shares representing 5% or more of the issued share capital of the Company or as recorded in the register required to be maintained under Section 336 of the SFO as at 30 June 2018.

附註：

- (1) 其中最多689,438,782股本公司股份已根據由蒙牛(作為貸款人)與中銀國際金融產品有限公司(作為借款人)所訂立日期為2017年5月18日的借股協議借予中銀國際金融產品有限公司。
- (2) 該權益指同一批本公司相關股份。Future Discovery Limited為蒙牛的附屬公司。
- (3) 截至2018年6月30日，本公司已發行股份總數為6,131,406,706股
- (4) (S)指淡倉。
- (5) (L)指好倉。

除上文所披露者外，於2018年6月30日，本公司並不知悉於佔本公司已發行股本5%或以上的股份或相關股份中擁有或根據證券及期貨條例第336條須登記於存置的登記冊內的任何其他權益或淡倉。



REPORT OF THE DIRECTORS

董事會報告

PRE-IPO MANAGEMENT OPTIONS

The Company granted Management Options to Ms. Gao Lina and Mr. Han Chunlin. The following Management Options were outstanding during the period:

首次公開發售前管理層購股權

本公司向高麗娜女士及韓春林先生授出管理層購股權。以下為期內尚未行使的管理層購股權：

Name of grantee 承授人姓名	Date of grant 授出日期	Number of underlying shares of the Company which may be issued pursuant to the Management Options 根據管理層購股權可能發行的本公司相關股份數目				As at 30 June 2018 於2018年 6月30日
		As at 1 January 2018 於2018年 1月1日	Granted during the period 期內授出	Exercised during the period 期內行使	Cancelled during the period 期內註銷	
Ms. GAO Lina 高麗娜女士	31 October 2010 2010年10月31日	29,276,916	-	-	-	29,276,916
Mr. HAN Chunlin 韓春林先生	31 October 2010 2010年10月31日	21,653,916	-	-	-	21,653,916
		50,930,832	-	-	-	50,930,832

SHARE AWARD SCHEME

The Company operates a restricted share award scheme (the "Share Award Scheme") which was adopted by the Company on 9 September 2016. The goal of the Share Award Scheme is to motivate the employees to maximize the value of and share the results with the Company in order to achieve sustainable development of the Group.

During the reporting period, no restricted shares of the Company was granted to selected participants. Up to 30 June 2018, the total number of Shares granted to selected participants was 35,969,000, representing approximately 0.59% of the issued share capital of the Company. Out of the total shares granted, 13,274,000 awarded Shares were granted to certain members of management, which would vest in two tranches each on the second, and third anniversaries of the grant date provided that certain performance and service conditions are met. The remaining awarded Shares of 22,695,000 were granted to the eligible employees.

The granted awarded shares are subject to the terms and condition of the Share Award Scheme and the fulfillment of all vesting conditions to the vesting of the awarded shares imposed on such selected participant as specified in the rules of the Share Award Scheme and the grant notice. Amongst the awarded shares, 6,451,000 of which were forfeited due to resignation of selected participants, while the remaining awarded shares are still outstanding and not yet vested as at 30 June 2018.

股份獎勵計劃

本公司運作其於2016年9月9日採納的一項限制性股份獎勵計劃(「股份獎勵計劃」)。股份獎勵計劃旨在激勵僱員為本公司創造最大價值及與本公司分享成果，以令本集團實現可持續發展。

於報告期間，沒有向獲選參與者授出本公司限制性股份。截至2018年6月30日，本公司已向獲選參與者授予的股份總數為35,969,000股，佔本公司於2018年6月30日已發行股本約0.59%。於所有授出股份中，13,274,000股獎勵股份授予若干管理層成員，於授出日期的第二個周年及第三個周年各歸屬兩個部分，惟須符合若干表現及服務條件。剩餘22,695,000股獎勵股份則授予合資格僱員。

已授出獎勵股份須符合股份獎勵計劃的條款及條件，且須達成股份獎勵計劃規則及授股通知中規定向獲選參與者歸屬獎勵股份的所有歸屬條件。在獎勵股份中，6,451,000股股份因選定參與者離職而被沒收，而餘下已授出的獎勵股份於2018年6月30日尚未歸屬。



REPORT OF THE DIRECTORS

董事會報告

For details of the restricted Share Award Scheme, please refer to the Company's announcement dated 11 and 14 September 2016 and also set out in note 22 to the condensed consolidated of this report financial statements.

As the total contributed amount of the Share Award Scheme has reached its limit, the Company amended the Share Award Scheme on 26 March 2018, which is referred to as Share Award Scheme II. For the avoidance of doubt, the amendment will not affect any restricted share award made prior to 26 March 2018, which shall for all purposes continue to be administered and take effect in accordance with the rules of Share Award Scheme as adopted on 9 September 2016. Up to the period ended 30 June 2018, no restricted share was granted under the Share Award Scheme II.

For details of the Share Award Scheme II, please refer to the Company's announcement on 27 March 2018 and note 22 to the interim financial statements.

FOREIGN CURRENCY RISK

The Group's businesses are principally located in Mainland China and substantially all transactions are conducted in RMB, except for the payment for offshore professional services and purchases of imported machinery and equipment from overseas.

The fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. However, in the opinion of the Directors, the foreign currency risk exposure is under management's control.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The Company has, throughout the six months ended 30 June 2018 complied with the code provisions set out in the CG Code, except for the deviations from code provision A.6.7 which is explained below.

有關限制性股份獎勵計劃的進一步詳情請參閱公司2016年9月11日和14日的公告，亦載於本簡明綜合財務報表附註22。

由於股份獎勵計劃的供款總額已達到上限，所以於2018年3月26日，本公司修訂股份獎勵計劃，經修訂計劃稱為股份獎勵計劃II。為免生疑問，本公司於2018年3月26日對上述計劃規則之修訂不會影響2018年3月26日之前的任何獎勵計劃規則，該前獎勵計劃規則將繼續按照2016年9月9日通過的規則繼續管理和生效。截至2018年6月30日止期間，根據股份獎勵計劃II並無授出限制性股份。

有關股份獎勵計劃II之詳情，請參閱本公司於2018年3月27日的公告及中期財務報表附註22。

外幣風險

本集團的業務主要位於中國內地，除離岸專業服務及進口機械設備付款外，所有交易均以人民幣進行。

人民幣兌外幣匯率之波動可能會影響本集團的經營績效。然而，董事認為，外幣匯兌風險是在管理層掌控之內。

企業管治

本公司已採納載於聯交所證券上市規則（「上市規則」）附錄14所載的企業管治守則及企業管治報告（「企業管治守則」）的守則條文。截至2018年6月30日止六個月，本公司一直遵守載於企業管治守則的守則條文，惟偏離守則條文第A.6.7條（於下文解釋）。



REPORT OF THE DIRECTORS

董事會報告

Code provision A.6.7 of the CG Code provides, among other things, that non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. One non-executive Director was not able to attend the annual general meeting of the Company held on 1 June 2018 due to other business engagements.

Save as disclosed above, the Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with all applicable code provisions of the CG Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the sections headed "Pre-IPO Management Options", "Share Award Scheme" and "Interest in Associate Corporation" above, during the reporting period, the Company or any of its subsidiaries was not a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Save for those disclosed above, during the six months ended June 30, 2018, none of the Directors (including their spouses and children under the age of 18) held any interests in or was granted any right to subscribe for the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

BOARD OF DIRECTORS

As at the date of this interim report, the Board comprises two executive Directors, namely Ms. GAO Lina (deputy chairman and chief executive officer) and Mr. HAN Chunlin (chief operation officer), four non-executive Directors, namely, Mr. LU Minfang (Chairman), Mr. WOLHARDT Julian Juul, Mr. ZHANG Ping and Mr. WEN Yongping, and three independent non-executive Directors, namely Mr. LI Shengli, Mr. LEE Kong Wai Conway and Mr. KANG Yan.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors. Following specific enquiring by the Company, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2018.

企業管治守則的守則條文第A.6.7條規定(其中包括),非執行董事應出席股東大會,對本公司股東的意見有公正的瞭解。一名非執行董事由於其他公務而無法出席本公司於2018年6月1日舉行的股東週年大會。

除上文所披露者外,董事會已檢討本公司之企業管治常規並確信本公司已全面遵守企業管治守則之適用守則條文。

董事收購股份或債券的權利

除上文「首次公開發售前管理層購股權」、「股份獎勵計劃」,及「於相聯法團的權益」各節所披露者外,於報告期內,本公司或其任何附屬公司並無參與任何其目的或目的之一旨在使董事可透過購入本公司或任何其他法人團體的股份或債權證而獲利的安排。

除上述所披露者外,於截至2018年6月30日止六個月內,概無任何董事(包括其配偶及未滿18歲子女)於本公司或其相聯法團(定義見證券及期貨條例第XV部)的證券中擁有任何權益或獲授任何可認購該等證券的權利,或曾行使任何有關權利。

董事會

於本中期報告日期,董事會由兩名執行董事高麗娜女士(副主席兼總裁)及韓春林先生(營運總經理)、四名非執行董事盧敬敏先生(主席)、WOLHARDT Julian Juul先生、張平先生及溫永平先生以及三名獨立非執行董事李勝利先生、李港衛先生及康龔先生組成。

董事進行的證券交易

本公司已採納上市規則附錄10所載的標準守則作為本公司董事進行證券交易的行為守則。於本公司作出特定查詢後,全體董事確認,於截至2018年6月30日止六個月內,彼等一直遵守標準守則所載的規定標準。



PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities, except that the trustee of the Share Award Scheme II, pursuant to the rules of the Share Award Scheme II, purchased on the open market a total of 20,000,000 shares of the Company at a consideration of approximately HK\$28,835,000 (equivalent to RMB23,583,000) for the six months ended 30 June 2018. As at 30 June 2018, the trustee of the Share Award Scheme and Share Award Scheme II has purchased from the open market an aggregate of 55,969,000 shares of the Company, representing approximately 0.91% of the issued share capital of the Company.

UPDATE ON INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

There was no changes in the information of Directors since the date of the 2017 annual report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

There is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF INTERIM RESULTS

The condensed interim financial statements have been reviewed by the Group's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and the Audit Committee.

購買、出售或贖回本公司之上市證券

截至2018年6月30日止六個月，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券，惟根據股份獎勵計劃II的規則，股份獎勵計劃II的受託人於公開市場購買合共本公司20,000,000股股份，有關代價約為28,835,000港元（相當於人民幣23,583,000元）。截至2018年6月30日，股份獎勵計劃及股份獎勵計劃II的受託人已從公開市場購買合共55,969,000股本公司股份，佔本公司已發行股本約0.91%。

根據上市規則第13.51B(1)條作出的董事資料更新

自本公司2017年年報日期後，董事的資料沒有變更，所以根據上市規則第13.51B(1)條沒有須予披露事項。

無其他資料須根據上市規則第13.51B(1)條予以披露。

審閱中期業績

簡明中期財務報表已經本集團核數師德勤•關黃陳方會計師行根據香港會計師公會頒佈的香港審閱工作準則第2410號「實體的獨立核數師對中期財務資料的審閱」與本公司審核委員會進行審閱。



REPORT OF THE DIRECTORS

董事會報告

AUDIT COMMITTEE

The Audit Committee currently comprises two independent non-executive Directors, namely Mr. LEE Kong Wai, Conway (chairman) and Mr. KANG Yan and one non-executive Director, Mr. WOLHARDT Julian Juul. The Audit Committee has reviewed with the Company's management and the external auditors, the accounting principles and practices adopted by the Company and discussed auditing, risk management system, internal control procedures and financial reporting matters, including the review of the Group's interim financial statements.

INVESTOR RELATIONS

The Company adopts a proactive policy in promoting investor relations and communications. Regular meetings are held with institutional investors and financial analysts to ensure two-way communications on the Company's performance and development. Investors are welcomed to send their enquiries to our investor relation at info@moderndairyir.com or browse the Company's website (<http://www.moderndairyir.com>) for latest update information of the Group.

審核委員會

審核委員會現時由二名獨立非執行董事，即李港衛先生(主席)及康龔先生及一名非執行董事WOLHARDT Julian Juul先生組成。審核委員會已與本公司管理層及外部核數師審閱本公司採納的會計原則及慣例，並討論審計、風險管理制度、內部監控程序及財務呈報事宜，包括審閱本集團的中期財務報表。

投資者關係

本公司採取積極政策促進投資者關係與溝通。本公司定期與機構投資者及金融分析師舉行會議，以確保就本公司表現及發展維持雙向溝通。本公司歡迎投資者致函info@moderndairyir.com詢問我們的投資者關係或瀏覽本公司網站 (<http://www.moderndairyir.com>) 瞭解本集團的最新更新資料。

On behalf of the Board
China Modern Dairy Holdings Ltd.
Ms. GAO Lina
*Deputy Chairman, Chief Executive Officer and
Executive Director*

代表董事會
中國現代牧業控股有限公司
副主席、總裁
兼執行董事
高麗娜女士

Hong Kong, 27 August 2018

香港，2018年8月27日



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表審閱報告

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF
CHINA MODERN DAIRY HOLDINGS LTD.
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Modern Dairy Holdings Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 112, which comprise the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

致中國現代牧業控股有限公司董事會
(於開曼群島註冊成立的有限公司)

緒言

我們已審閱第45頁至第112頁所載中國現代牧業控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的簡明綜合財務報表，當中包括截至2018年6月30日的簡明綜合財務狀況表，以及截至該日止六個月的相關簡明綜合損益及其他全面收益表、簡明綜合權益變動表及簡明綜合現金流量表及若干附註解釋。香港聯合交易所有限公司證券上市規則規定編製中期財務資料報告須符合當中的相關條文及國際會計準則理事會頒佈的國際會計準則第34號「中期財務報告」(「國際會計準則第34號」)。貴公司董事須負責根據國際會計準則第34號編製及呈列此等簡明綜合財務報表。我們的責任是根據審閱結果對此等簡明綜合財務報表作出結論，並根據我們的協定委聘條款僅向作為法人的閣下匯報結論，而不作其他用途。我們不會就本報告內容向任何其他人士負上或承擔任何責任。

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱委聘準則第2410號「實體獨立核數師對中期財務資料進行審閱」進行審閱工作。審閱此等簡明綜合財務報表包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱範圍遠小於根據香港核數準則進行的審核範圍，故我們無法保證，我們會知悉在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表審閱報告

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 August 2018

結論

根據我們的審閱結果，我們並無發現任何事項，致使我們相信此等簡明綜合財務報表在各重大方面未有根據國際會計準則第34號編製。

德勤•關黃陳方會計師行

執業會計師

香港

2018年8月27日



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

簡明綜合損益及其他全面收益表

For the six months ended 30 June 2018
截至2018年6月30日止六個月

		Six months ended 30 June 截至6月30日止六個月	
		2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
	Notes 附註		
Revenue	3	2,468,250	2,344,380
Cost of sales before raw milk fair value adjustments	6	(1,732,827)	(1,725,396)
Raw milk fair value adjustments included in cost of sales		(629,418)	(501,413)
Loss arising from changes in fair value less costs to sell of dairy cows		(434,716)	(497,080)
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest		629,418	501,413
Other income	5	34,321	27,826
Impairment losses, net of reversal		(74,168)	-
Selling and distribution costs		(93,560)	(244,351)
Administrative expenses		(106,762)	(209,691)
Share of profit (loss) of associates		6,335	(85)
Other gains and losses, net	6	(54,308)	(183,217)
Other expenses		(7,157)	(16,781)
Profit (loss) before finance costs and tax		5,408	(504,395)
Finance costs	7	(148,225)	(182,981)
Loss before tax		(142,817)	(687,376)
Income tax expense	8	(194)	(137)
Loss for the period		(143,011)	(687,513)
Other comprehensive expense:			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		(8,870)	-
Other comprehensive expense for the period (net of tax)		(8,870)	-
Total comprehensive expense for the period		(151,881)	(687,513)
Loss for the period attributable to:			
Owners of the Company		(140,250)	(666,255)
Non-controlling interests		(2,761)	(21,258)
		(143,011)	(687,513)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(148,958)	(666,255)
Non-controlling interests		(2,923)	(21,258)
		(151,881)	(687,513)
Loss per share (RMB)			
Basic	10	(2.30) cents 分	(11.20) cents 分
Diluted		(2.30) cents 分	(11.20) cents 分



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

As at 30 June 2018
於2018年6月30日

		30 June 2018 於2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 於2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	4,115,409	4,698,736
Land use rights	土地使用權	119,003	125,802
Goodwill	商譽	1,424,539	1,424,539
Interest in associates	於聯營公司的權益	62,375	–
Available-for-sale investment	可供出售投資	–	12,934
Equity instruments at fair value through other comprehensive income	按公平值計入其他全面收入的權益工具	5,164	–
Biological assets	生物資產	7,681,259	7,751,070
		13,407,749	14,013,081
CURRENT ASSETS	流動資產		
Inventories	存貨	499,911	848,635
Trade and other receivables	應收貿易賬款及其他 應收款項	987,818	1,022,069
Land use rights	土地使用權	4,201	4,106
Financial asset at fair value through profit or loss	按公平值計入損益的 金融資產	55,914	–
Other financial assets	其他金融資產	–	31,704
Pledged bank balances and non-pledged bank deposits	已質押銀行結餘及 未質押銀行存款	151,589	131,467
Cash and bank balances	現金及銀行結餘	656,253	666,519
		2,355,686	2,704,500
CURRENT LIABILITIES	流動負債		
Trade and other payables	應付貿易賬款及其他 應付款項	1,574,221	2,019,466
Tax payable	應課稅項	195	2
Bank borrowings – due within one year	銀行借款 – 於一年內到期	1,944,864	1,564,228
Other borrowings – due within one year	其他借款 – 於一年內到期	1,000,000	1,103,799
Medium-term notes – due within one year	中期票據 – 於一年內到期	599,545	1,198,922
Contract liabilities	合約負債	859	–
Derivative financial instruments	衍生金融工具	2,943	–
		5,122,627	5,886,417
NET CURRENT LIABILITIES	流動負債淨額	(2,766,941)	(3,181,917)
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	10,640,808	10,831,164



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

簡明綜合財務狀況表

As at 30 June 2018

於2018年6月30日

			30 June 2018	31 December 2017
			於2018年 6月30日	於2017年 12月31日
		Notes	RMB'000	RMB'000
		附註	人民幣千元 (unaudited) (未經審核)	人民幣千元 (audited) (經審核)
CAPITAL AND RESERVES		資本及儲備		
Share capital		21	526,058	526,058
Share premium and reserves			6,271,613	6,443,064
Equity attributable to owners of the Company			6,797,671	6,969,122
Non-controlling interests			116,429	119,307
TOTAL EQUITY		總權益	6,914,100	7,088,429
NON-CURRENT LIABILITIES		非流動負債		
Bank borrowings – due after one year		17	2,525,672	1,913,029
Medium-term notes – due after one year		19	–	599,458
Corporate bonds		20	1,046,309	1,045,761
Deferred income			154,727	184,487
			3,726,708	3,742,735
			10,640,808	10,831,164



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合權益變動表

For the six months ended 30 June 2018
截至2018年6月30日止六個月

		Attributable to owners of the Company 本公司持有人應佔										
		Share capital	Share premium	Other reserve	Share options reserve	Share Award reserve	Shares held under the Share Award Schemes	FV/TOCI reserve	Retained earnings	Sub-total	Non-controlling interests	Total
		股本	股份溢價	其他儲備	購股權儲備	股份獎勵儲備	股份獎勵儲備	收入儲備	保留盈利	小計	非控股權益	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
				(note 23)		(note 22(c))	(note 22(c))	按公平值計入其他全面				
				(附註23)		(附註22(c))	(附註22(c))					
At 1 January 2017 (audited)	於2017年1月1日(經審核)	452,959	3,292,068	1,585,752	117,206	-	(61,424)	-	1,634,952	7,021,513	101,383	7,122,896
Loss and total comprehensive expense for the period	期內虧損及全面開支總額	-	-	-	-	-	-	-	(666,255)	(666,255)	(21,258)	(687,513)
Share issued	已發行股份	43,157	807,037	-	-	-	-	-	-	850,194	-	850,194
Acquisition of non-controlling interests (note 23)	收購非控股權益(附註23)	29,942	541,961	(555,297)	-	-	-	-	-	16,606	(14,807)	1,799
Share purchase for the Share Award Scheme (note 22(c))	就股份獎勵計劃的股份購買(附註22(c))	-	-	-	-	-	(713)	-	-	(713)	-	(713)
Recognition of equity-settled share-based Payment (note 22(a) and note 22(c))	確認按股權結算以股份支付的付款(附註22(a)及22(c))	-	-	-	92,623	4,535	-	-	-	97,158	-	97,158
Transfer due to cancellation of share options (note 22(a))	因購股權註銷而轉撥(附註22(a))	-	-	-	(204,543)	-	-	-	204,543	-	-	-
Capital contribution from non-controlling interests	非控股權益出資	-	-	-	-	-	-	-	-	-	1,960	1,960
At 30 June 2017 (unaudited)	於2017年6月30日(未經審核)	526,058	4,641,066	1,030,455	5,286	4,535	(62,137)	-	1,173,240	7,318,503	67,278	7,385,781
At 31 December 2017 (audited)	於2017年12月31日(經審核)	526,058	4,641,066	979,953	5,286	14,517	(62,137)	-	864,379	6,969,122	119,307	7,088,429
Adjustment (note 2)	調整(附註2)	-	-	-	-	-	-	(12,021)	10,316	(1,705)	45	(1,660)
At 1 January 2018 (restated)	於2018年1月1日(經重列)	526,058	4,641,066	979,953	5,286	14,517	(62,137)	(12,021)	874,695	6,967,417	119,352	7,086,769
Loss for the period	期內虧損	-	-	-	-	-	-	-	(140,250)	(140,250)	(2,761)	(143,011)
Other comprehensive expense for the period	期內其他全面開支	-	-	-	-	-	-	(8,708)	-	(8,708)	(162)	(8,870)
Total comprehensive expense for the period	期內全面開支總額	-	-	-	-	-	-	(8,708)	(140,250)	(148,958)	(2,923)	(151,881)
Share purchase for the Share Award Schemes (note 22(c))	就股份獎勵計劃的股份購買(附註22(c))	-	-	-	-	-	(23,583)	-	-	(23,583)	-	(23,583)
Recognition of equity-settled share-based payment (note 22(c))	確認按股權結算以股份支付的付款(附註22(c))	-	-	-	-	2,795	-	-	-	2,795	-	2,795
At 30 June 2018 (unaudited)	於2018年6月30日(未經審核)	526,058	4,641,066	979,953	5,286	17,312	(85,720)	(20,729)	734,445	6,797,671	116,429	6,914,100



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明綜合現金流量表

For the six months ended 30 June 2018
截至2018年6月30日止六個月

		Six months ended 30 June 截至6月30日止六個月	
		2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Net cash generated from (used in) operating activities	經營活動所得(所用)現金淨額	709,470	(56,571)
Net cash used in investing activities	投資活動所用現金淨額		
Purchases of property, plant and equipment	購入物業、廠房及設備	(269,648)	(193,095)
Investment in an equity instrument	權益工具投資	(1,100)	-
Additions in biological assets	生物資產增置	(540,344)	(623,112)
Additions in pledged bank balances	已質押銀行結餘增加	(61,128)	(75,136)
Release of pledged bank balances	已質押銀行結餘解除	65,705	56,293
Addition in non-pledged bank deposits with original maturity of more than three months	原到期日超過三個月的無抵押銀行存款增加	(39,699)	(16,500)
Release of non-pledged bank deposits with original maturity of more than three months	原到期日超過三個月的無抵押銀行存款解除	15,000	205,490
Proceeds from disposal of dairy cows	出售乳牛所得款項	319,117	232,320
Proceeds from acquisition of non-controlling interest	收購非控股權益所得款項	-	1,800
Settlement of cash portion of Modified Considerations (note)	結清經修訂代價現金部分(附註)	-	(93,124)
Interest received	已收取利息	6,472	5,000
Government grants received	已獲取政府補貼	13,909	10,253
Proceeds from disposal of subsidiaries (note 24)	出售附屬公司所得款項(附註24)	(91,560)	-
Purchases of land use rights	購買土地使用權	-	(3,257)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	13,460	11,472
		(569,816)	(481,596)
Net cash (used in) generated from financing activities	融資活動(所用)所得現金淨額		
Interest paid	已付利息	(245,796)	(206,685)
New borrowings raised	新籌得銀行借款	1,940,627	1,114,507
Repayment of borrowings	借款償還款項	(609,843)	(1,579,035)
Proceeds from short-term debentures	短期債券所得款項	-	500,000
Repayment of short-term debentures	短期債券償還款項	-	(800,000)
Repayment of medium-term notes	中期票據償還款項	(1,200,000)	-
Proceeds from corporate bonds	公司債券所得款項	-	800,000
Payment of transaction cost for short-term debentures and corporate bonds	支付短期債券及公司債券的交易成本	-	(5,100)
Proceeds from other borrowings	其他借款所得款項	1,061,000	377,000
Repayment of other borrowings	償還其他借款	(1,072,325)	(22,650)
Capital contribution from non-controlling interests	非控股權益出資	-	1,960
Payment for repurchase of ordinary shares	購回普通股的付款	(23,583)	(713)
		(149,920)	179,284
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(10,266)	(358,883)
Cash and cash equivalents at 1 January	於1月1日的現金及現金等價物	666,519	851,788
Cash and cash equivalents at 30 June, represented by cash and bank balances	於6月30日的現金及現金等價物，以現金及銀行結餘呈列	656,253	492,905

Note: Defined in note 20 to the Company's consolidated financial statements for the year ended 31 December 2017.

附註：定義見本公司截至2017年12月31日止年度的綜合財務報表附註20。



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2018
截至2018年6月30日止六個月

1. GENERAL AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

China Modern Dairy Holdings Ltd. (the “Company”) is a limited liability company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 November 2010. The registered office of the Company is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is located in Economic and Technological Development Zone, Maanshan City, Anhui Province, the People’s Republic of China (the “PRC”). As at 30 June 2018, China Mengniu Dairy Co., Ltd. (“Mengniu”) and its wholly owned subsidiary together owned 60.76% of the issued share capital of the Company.

The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in production and sales of milk. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), the currency of the primary economic environment in which the principal subsidiaries of the Group operate (the “functional currency”).

1. 一般資料及綜合財務報表的編製基準

中國現代牧業控股有限公司(「本公司»)為一間有限公司，其股份於2010年11月26日在香港聯合交易所有限公司(「聯交所»)主板上市。本公司的註冊辦事處位於Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands。本公司主要營業地點則位於中華人民共和國(「中國»)安徽省馬鞍山市經濟技術開發區。於2018年6月30日，中國蒙牛乳業有限公司(「蒙牛»)及其全資附屬公司共同擁有本公司已發行股本的60.76%。

本公司的主要業務為投資控股，而其附屬公司則主要從事生產及銷售牛奶。本公司及其附屬公司於下文統稱本集團。

簡明綜合財務報表以人民幣(「人民幣»)列值，該貨幣用於本集團主要附屬公司營運所在的主要經濟環境(「功能貨幣»)。



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2018

截至2018年6月30日止六個月

1. GENERAL AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

Basis of preparation of condensed consolidated financial statements

In preparation of the condensed consolidated financial statements for the six months ended 30 June 2018, the directors of the Company (the "Directors") have given careful consideration to the future liquidity of the Group in light of that the Group incurred a net loss of RMB143,011,000 for the six months ended 30 June 2018 (for the six months ended 30 June 2017: RMB687,513,000) and, as of that date, the Group's current liabilities exceeded its total current assets by RMB2,766,941,000 (31 December 2017: RMB3,181,917,000). Having considered the available credit facilities of approximately RMB3,626,417,000 which remains unutilised as at 30 June 2018, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

The condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for: (i) the biological assets, which are measured at fair value less costs to sell; (ii) financial instruments at fair value through profit or loss ("FVTPL"); and (iii) financial instruments at fair value through other comprehensive income ("FVTOCI"), which are measured at fair value at the end of each reporting period.

1. 一般資料及綜合財務報表的編製基準 (續)

簡明綜合財務報表的編製基準

在編製截至2018年6月30日止六個月的簡明綜合財務報表時，鑒於本集團於截至2018年6月30日止六個月產生虧損淨額人民幣143,011,000元（截至2017年6月30日止六個月：人民幣687,513,000元）及截至該日本集團的流動負債超出其流動資產總值人民幣2,766,941,000元（2017年12月31日：人民幣3,181,917,000元），本公司董事（「董事」）已審慎考慮本集團的未來流動資金狀況。經考慮於2018年6月30日的可供動用信貸融資約人民幣3,626,417,000元並未動用，董事信納，於可見將來，本集團將能夠於財務責任到期應付時悉數償還有關款項。因此，簡明綜合財務報表根據持續經營基準編製。

本集團簡明綜合財務報表乃根據國際會計準則理事會（「國際會計準則理事會」）頒佈的國際會計準則第34號中期財務報告（「國際會計準則第34號」），以及香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十六的適用披露規定編製。

2. 主要會計政策

簡明綜合財務報表乃根據歷史成本基準編製，惟(i)按公平值減銷售成本計量的生物資產；(ii)按公平值計入損益（「按公平值計入損益」）的金融工具及(iii)按公平值計入其他全面收入（「按公平值計入其他全面收入」）的金融工具按各報告期末的公平值計量除外。



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簡明綜合財務報表附註

For the six months ended 30 June 2018

截至2018年6月30日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2017.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2. 主要會計政策(續)

除因應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)而導致的會計政策變動外，截至2018年6月30日止六個月簡明綜合財務報表所應用的會計政策及計算方法與編製本集團截至2017年12月31日止年度的綜合財務報表所依循者一致。

應用新訂及經修訂國際財務報告準則

於本中期期間，本集團已首次應用以下由國際會計準則理事會頒佈並於2018年1月1日或之後開始的年度期間強制生效的新訂及經修訂國際財務報告準則，以編製本集團簡明綜合財務報表：

國際財務報告準則第9號	金融工具
國際財務報告準則第15號	客戶合約收入及相關修訂
國際財務報告詮釋委員會—詮釋第22號	外幣交易及預付代價
國際財務報告準則第2號的修訂	以股份為基礎的付款交易的分類及計量
國際財務報告準則第4號的修訂	適用國際財務報告準則第9號金融工具及國際財務報告準則第4號保險合約
國際會計準則第28號的修訂	作為國際財務報告準則年度改進(2014年至2016年週期)的一部分
國際會計準則第40號的修訂	轉讓投資物業

新訂及經修訂國際財務報告準則已根據各自準則及修訂的相關過渡條文予以應用，導致的會計政策、已呈報金額及／或披露事項的變動詳述如下。



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簡明綜合財務報表附註

For the six months ended 30 June 2018

截至2018年6月30日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 *Revenue* and the related interpretations.

The Group recognises revenue from the following major sources:

- Dairy farming – breeding dairy cows to produce and sell raw milk.
- Liquid milk products – producing and selling processed liquid milk.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 *Revenue* and the related interpretations.

2. 主要會計政策(續)

2.1 應用國際財務報告準則第15號客戶合約收入對會計政策的影響及會計政策變動

於本中期期間，本集團已首次應用國際財務報告準則第15號。國際財務報告準則第15號替代國際會計準則第18號收入及相關詮釋。

本集團確認來自以下主要來源的收入：

- 奶牛養殖－飼養奶牛用以生產及銷售原料奶。
- 液態奶產品－生產及銷售加工液態奶。

本集團已追溯應用國際財務報告準則第15號，初步應用此準則的累計影響於初步應用日期2018年1月1日確認。於初步應用日期的任何差額於期初的保留盈利(或權益的其他組成部分(倘適用))確認且比較資料尚未重列。此外，根據國際財務報告準則第15號的過渡條文，本集團已選擇將準則僅追溯應用於2018年1月1日尚未完成的合約。因此，若干比較資料無可比性，因為比較資料乃根據國際會計準則第18號收入以及相關詮釋編製。



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簡明綜合財務報表附註

For the six months ended 30 June 2018

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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15

IFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

2. 主要會計政策(續)

2.1 應用國際財務報告準則第15號客戶合約收入對會計政策的影響及會計政策變動(續)

2.1.1 應用國際財務報告準則第15號產生的會計政策主要變動

國際財務報告準則第15號引入有關收入確認的5步模式：

- 第1步：識別與客戶訂立的合約
- 第2步：識別合約內的履約責任
- 第3步：釐定交易價格
- 第4步：將交易價格分配至合約內的履約責任
- 第5步：於或當本集團達成履約責任時確認收入

根據國際財務報告準則第15號，於或當本集團達成履約責任時確認收入，即當與特定履約責任相關的商品或服務的「控制權」轉移予客戶時。

履約責任指可區分的單一商品及服務（或組合商品或服務）或大致相同的一系列可區分商品或服務。



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15 (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

2. 主要會計政策(續)

2.1 應用國際財務報告準則第15號客戶合約收入對會計政策的影響及會計政策變動(續)

2.1.1 應用國際財務報告準則第15號產生的會計政策主要變動(續)

倘滿足以下其中一項標準，則控制權隨著時間而轉移，並參考完全達成相關履約責任的進度隨著時間確認收入：

- 客戶同時收取並使用本集團履約所帶來的利益；
- 本集團的履約增設並增加於本集團履約時客戶所控制的資產；或
- 本集團的履約並無增設對本集團有額外用途的資產，而本集團有強制執行權利收取迄今已完成的履約付款。

否則，收入於客戶取得可區分商品或服務的控制權的時點確認。



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簡明綜合財務報表附註

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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 15 (continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2.1.2 Summary of effects arising from initial application of IFRS 15

The transition to IFRS 15 does not have impact on the Group's retained earnings at 1 January 2018.

As at 1 January 2018, advances from customers of RMB348,000 in respect of sales contracts previously included in trade and other payables were reclassified to contract liabilities.

2. 主要會計政策(續)

2.1 應用國際財務報告準則第15號客戶合約收入對會計政策的影響及會計政策變動(續)

2.1.1 應用國際財務報告準則第15號產生的會計政策主要變動(續)

合約資產指本集團可收取交換本集團轉讓予客戶的商品或服務的代價的權利(尚未成為無條件)，乃根據國際財務報告準則第9號進行減值評估。反之，應收款項指本集團收取代價的無條件權利，即僅需待時間過去即須支付到期代價。

合約負債指本集團有義務將其已向客戶收取代價(或到期的代價金額)的商品或服務轉移至客戶的責任。

2.1.2 初步應用國際財務報告準則第15號產生的影響概要

過渡至國際財務報告準則第15號並不對本集團於2018年1月1日的保留盈利產生影響。

於2018年1月1日，就先前計入應付貿易賬款及其他應付款項的銷售合約預收客戶的款項人民幣348,000元已重新分類為合約負債。



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (continued)

2.1.2 Summary of effects arising from initial application of IFRS 15 (continued)

The following table summarises the impacts of applying IFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018. Line items that were not affected by the changes have not been included

Impacts on the condensed consolidated statement of financial position

Current Liabilities	流動負債
Trade and other payables	應付貿易賬款及 其他應付款項
Contract liabilities	合約負債

There is no impact of applying IFRS 15 on the condensed consolidated statement of profit and loss and other comprehensive income for the current interim period.

2. 主要會計政策(續)

2.1 應用國際財務報告準則第15號客戶合約收入對會計政策的影響及會計政策變動(續)

2.1.2 初步應用國際財務報告準則第15號產生的影響概要(續)

下表概述應用國際財務報告準則第15號對本集團於2018年6月30日簡明綜合財務狀況表的影響。概無受變動影響的項目並無包括在內。

對簡明綜合財務狀況表的影響

Note 附註	As reported 所列金額 RMB'000 人民幣千元	Adjustments 調整 RMB'000 人民幣千元	Amount without application of IFRS 15 概無應用 國際財務報告 準則第15號 的金額 RMB'000 人民幣千元
16	1,574,221	859	1,575,080
	859	(859)	-

於本中期期間，應用國際財務報告準則第15號對簡明綜合損益及其他全面收益表並無影響。



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments

In the current period, the Group has applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

2. 主要會計政策(續)

2.2 應用國際財務報告準則第9號金融工具的影響及會計政策變動

於本期間，本集團已應用國際財務報告準則第9號金融工具及其他國際財務報告準則的相應修訂。國際財務報告準則第9號就1)金融資產及金融負債的分類及計量、2)金融資產的預期信貸虧損(「預期信貸虧損」)及3)一般對沖會計處理引入新規定。

本集團已根據國際財務報告準則第9號所載的過渡條文應用國際財務報告準則第9號，即對2018年1月1日(首次應用日期)尚未取消確認的工具追溯應用分類及計量規定(包括減值)，而並無對已於2018年1月1日取消確認的工具應用相關規定。於2017年12月31日的賬面值與於2018年1月1日的賬面值之間的差額於期初保留盈利及權益的其他部分確認，比較資料不予重列。

因此，若干比較資料未必與根據國際會計準則第39號金融工具：確認及計量編製的比較資料具可比性。



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簡明綜合財務報表附註

For the six months ended 30 June 2018
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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15.

All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under IAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. 主要會計政策(續)

2.2 應用國際財務報告準則第9號金融工具的影響及會計政策變動(續)

2.2.1 應用國際財務報告準則第9號導致會計政策產生的主要變動

金融資產的分類及計量

客戶合約產生的應收貿易賬款首次根據國際財務報告準則第15號計量。

屬國際財務報告準則第9號範疇內的所有已確認金融資產(包括根據國際會計準則第39號按成本減減值計量的未報價權益投資)，其後按攤銷成本或公平值計量。

滿足以下條件的債務工具其後按攤銷成本計量：

- 於以收取合約現金流量而持有資產為目的的業務模式中持有金融資產；及
- 金融資產的合約條款令於特定日期產生的現金流量純粹為支付本金及尚未償還本金的利息。



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments

(continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Classification and measurement of financial assets (continued)

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combination applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. 主要會計政策(續)

2.2 應用國際財務報告準則第9號金融工具的影響及會計政策變動(續)

2.2.1 應用國際財務報告準則第9號導致會計政策產生的主要變動(續)

金融資產的分類及計量(續)

滿足以下條件的債務工具其後按公平值計入其他全面收入的方式計量：

- 於目的為同時收取合約現金流量及出售金融資產的業務模式中持有金融資產；及
- 金融資產的合約條款令於特定日期產生的現金流量純粹為支付本金及尚未償還本金的利息。

所有其他金融資產其後按公平值計入損益的方式計量，惟以下情況另當別論，於首次應用／首次確認金融資產當日，倘權益投資並非持作買賣，亦非由收購方在國際財務報告準則第3號業務合併所適用的業務合併中確認的或然代價，則本集團可能會不可撤銷地選擇於其他全面收入(「其他全面收入」)中呈列有關權益投資的其後公平值變動。

此外，本集團或會不可撤銷地將符合攤銷成本或按公平值計入其他全面收入準則的債務投資指定為按公平值計入損益的方式計量，前提為此舉可消除或大幅減少會計錯配。



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

2. 主要會計政策(續)

2.2 應用國際財務報告準則第9號金融工具的影響及會計政策變動(續)

2.2.1 應用國際財務報告準則第9號導致會計政策產生的主要變動(續)

指定為按公平值計入其他全面收入的權益工具

於首次應用／首次確認當日，本集團或會不可撤銷地選擇按個別工具基準將權益工具投資指定為按公平值計入其他全面收入。

按公平值計入其他全面收入的權益工具投資首次按公平值加交易成本計量。其後，該等權益工具投資按公平值計量，其公平值變動產生的收益及虧損於其他全面收入確認並於按公平值計入其他全面收入的儲備中累計，而毋須作減值評估。累計收益或虧損將不會重新分類至出售權益投資的損益，並將轉撥至保留溢利。

當本集團根據國際財務報告準則第9號確立獲得股息的權利時，該等權益工具投資的股息於損益中確認，惟股息明確表示收回部分投資成本則除外。股息計入損益「其他收入」項下。



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments

(continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The Directors reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at the date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in note 2.2.2.

2. 主要會計政策(續)

2.2 應用國際財務報告準則第9號金融工具的影響及會計政策變動(續)

2.2.1 應用國際財務報告準則第9號導致會計政策產生的主要變動(續)

按公平值計入損益的金融資產

不符合按攤銷成本或按公平值計入其他全面收入的方式計量或指定為按公平值計入其他全面收入的準則的金融資產，按公平值計入損益的方式計量。

按公平值計入損益的金融資產按各報告期末的公平值計量，任何公平值收益或虧損則於損益中確認。於損益確認的收益或虧損淨額包括就該金融資產賺取的任何股息或利息，並計入「其他收益及虧損」項下。

董事已根據2018年1月1日存在的事實及情況，審閱及評估本集團當日的金融資產。本集團金融資產的分類及計量變動及其影響詳情載於附註2.2.2。



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade and other receivables, pledged bank balances, non-pledged bank deposits and cash and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balance or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2. 主要會計政策(續)

2.2 應用國際財務報告準則第9號金融工具的影響及會計政策變動(續)

2.2.1 應用國際財務報告準則第9號導致會計政策產生的主要變動(續)

預期信貸虧損模式下的減值

本集團就根據國際財務報告準則第9號須予減值的金融資產(包括應收貿易賬款及其他應收款項、已質押銀行結餘、未質押銀行存款以及現金及銀行結餘)的預期信貸虧損確認虧損撥備。預期信貸虧損金額於各報告日期更新，以反映自首次確認以來的信貸風險變動。

全期預期信貸虧損指於相關工具的預期年期內所有可能發生的違約事件產生的預期信貸虧損。反之，12個月預期信貸虧損(「12個月預期信貸虧損」)指預期將於報告日期後12個月內可能發生的違約事件產生的部分全期預期信貸虧損。評估乃根據本集團的過往信貸虧損經驗進行，並根據債務人特有的因素、整體經濟狀況以及對報告日期當時狀況及未來狀況預測的評估作出調整。

本集團始終就應收貿易賬款確認全期預期信貸虧損。該等資產的預期信貸虧損對仍有重大結餘的債務人進行個別評估或通過適當分組採用撥備矩陣進行集體評估。

就所有其他工具而言，本集團計量虧損撥備等於12個月預期信貸虧損，除非自初始確認後信貸風險顯著增加，則本集團確認全期預期信貸虧損。評估全期信貸虧損是否應確認乃基於自初始確認以來發生違約或風險的可能性顯著增加。



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments

(continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increase significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

2. 主要會計政策(續)

2.2 應用國際財務報告準則第9號金融工具的影響及會計政策變動(續)

2.2.1 應用國際財務報告準則第9號導致會計政策產生的主要變動(續)

信貸風險顯著增加

於評估信貸風險自首次確認以來是否已顯著增加時，本集團將於報告日期金融工具存在的違約風險與於首次確認日期金融工具存在的違約風險進行比較。在進行該評估時，本集團會計及合理可靠的定量及定性資料，包括過往經驗及毋須承擔過多成本或付出過多精力即可獲得的前瞻性資料。

尤其是，評估信貸風險是否顯著增加時會計及下列資料：

- 金融工具外部(倘可獲得)或內部信貸評級實際或預期出現嚴重降級；
- 外部市場信貸風險指標出現顯著惡化，例如信貸息差大幅擴大、債務人的信貸違約掉期價格大幅上升；



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Significant increase in credit risk (continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. 主要會計政策(續)

2.2 應用國際財務報告準則第9號金融工具的影響及會計政策變動(續)

2.2.1 應用國際財務報告準則第9號導致會計政策產生的主要變動(續)

信貸風險顯著增加(續)

- 預期將導致債務人還債能力大幅下降的業務、財務或經濟狀況的現有或預測不利變化；
- 債務人經營業績的實際或預期顯著惡化；
- 導致債務人還債能力大幅下降的債務人監管、經濟或技術環境的實際或預期重大不利變化。

不論上述評估的結果如何，本集團認為，倘合約付款逾期超過30日，則信貸風險自首次確認以來已顯著增加，惟本集團有合理可靠的資料加以證明則當別論。

本集團認為，倘該工具已逾期超過90日，則發生違約，惟本集團有合理可靠的資料證明更滯後的違約標準更為適用則當別論。



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments

(continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial assets.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with requirements of IFRS 9. The results of the assessment and the impact thereof are detailed in note 2.2.2.

2. 主要會計政策(續)

2.2 應用國際財務報告準則第9號金融工具的影響及會計政策變動(續)

2.2.1 應用國際財務報告準則第9號導致會計政策產生的主要變動(續)

預期信貸虧損的計量及確認

預期信貸虧損的計量取決於違約概率、違約損失率(即違約時的虧損程度)及違約風險承擔。違約概率及違約損失率的評估乃基於經前瞻性資料調整後的過往數據。

一般而言，預期信貸虧損估計為根據合約應付本集團的所有合約現金流量與本集團預期收取的所有現金流量(按於初始確認時釐定的實際利率貼現)之間的差額。

利息收入根據金融資產的賬面總值計算，惟金融資產為信貸減值的情況除外，在此情況下，利息收入按金融資產的攤銷成本計算。

本集團通過調整所有金融工具的賬面值於損益內確認其減值收益或虧損，惟相應調整於虧損撥備賬中確認的應收貿易賬款及其他應收款項除外。

於2018年1月1日，董事根據國際財務報告準則第9號的規定，使用毋須承擔過多成本或付出過多精力即可獲得的合理可靠資料，審核及評估本集團現有金融資產是否減值。評估結果及其影響詳情載於附註2.2.2。



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of IFRS 9 (continued)

Classification and measurement of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

2.2.2 Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

			Available-for-sale investment	Equity instruments at FVTOCI 按公平值計入其他全面收入的權益工具	Amortised cost previously classified as loans and trade receivables 先前分類為貸款及應收貿易賬款的攤銷成本	FVTOCI reserve 公平值計入其他全面收入的儲備	Retained earnings	Non-controlling interests
			RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Closing balance at 31 December 2017 - IAS 39	於2017年12月31日的期末結餘 - 國際會計準則第39號		12,934	-	1,701,003	-	-	-
Reclassification From available-for-sale ("AFS")	重新分類 轉撥自可供出售(「可供出售」)	(a)	(12,934)	12,934	-	(12,021)	11,802	219
Remeasurement Impairment under ECL model	重新計量 預期信貸虧損模式下的減值	(b)	-	-	(1,660)	-	(1,486)	(174)
Opening balance at 1 January 2018	於2018年1月1日的期初結餘		-	12,934	1,699,343	(12,021)	10,316	45

2. 主要會計政策(續)

2.2 應用國際財務報告準則第9號金融工具的影響及會計政策變動(續)

2.2.1 應用國際財務報告準則第9號導致會計政策產生的主要變動(續)

金融負債的分類及計量

就不會導致終止確認的金融負債非實質性修改而言，相關金融負債的賬面價值將按金融負債原實際利率折現的經修訂合約現金流量的現值計算。所產生的交易成本或費用根據經修訂金融負債的賬面值進行調整，並於剩餘期限內攤銷。對金融負債賬面值的任何調整均於修訂日在損益內確認。

2.2.2 首次應用國際財務報告準則第9號所產生影響的概述

下表說明於首次應用日期2018年1月1日，根據國際財務報告準則第9號及國際會計準則第39號項下金融資產的分類及計量(包括減值)。



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments

(continued)

2.2.2 Summary of effects arising from initial application of IFRS 9 (continued)

(a) AFS investment

From AFS equity investment to FVTOCI

The Group elected to present in OCI for the fair value changes of all its equity investment previously classified as AFS, of which RMB12,934,000 related to unquoted equity investment (the “unquoted equity investment I”) previously measured at cost less impairment under IAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, RMB12,934,000 were reclassified from AFS investments to equity instruments at FVTOCI, which related to unquoted equity investments previously measured at cost less impairment under IAS 39. At 1 January 2018, the fair value of the equity investment approximate its carrying amount at 31 December 2017 and no fair value adjustment would be made to the Group’s investment revaluation reserve at 1 January 2018 upon initial application of IFRS 9. In addition, impairment losses previously recognised of RMB12,021,000 were transferred from retained earnings to FVTOCI reserve as at 1 January 2018.

2. 主要會計政策(續)

2.2 應用國際財務報告準則第9號金融工具的影響及會計政策變動(續)

2.2.2 首次應用國際財務報告準則第9號所產生影響的概述(續)

(a) 可供出售投資

從可供出售權益投資轉為公平值計入其他全面收入

本集團選擇將其先前分類為可供出售的全部權益投資的公平值變動於其他全面收入中列賬，其中人民幣12,934,000元與先前根據國際會計準則第39號按成本減減值計量的未報價權益投資(「未報價權益投資I」)有關。該等投資並非持作買賣，且預計不會於可預見未來出售。於首次應用國際財務報告準則第9號當日，人民幣12,934,000元由可供出售投資重新分類為按公平值計入其他全面收入的權益投資，其與先前根據國際會計準則第39號按成本減減值計量的未報價權益投資有關。於2018年1月1日，權益投資的公平值與其於2017年12月31日的賬面值相若，於首次應用國際財務報告準則第9號後，不會對本集團於2018年1月1日的投資重估儲備作出任何公平值調整。此外，先前確認的減值虧損人民幣12,021,000元於2018年1月1日自保留盈利轉撥至公平值計入其他全面收入的儲備。



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For the six months ended 30 June 2018
截至2018年6月30日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (continued)

2.2.2 Summary of effects arising from initial application of IFRS 9 (continued)

(b) Impairment under ECL model

The Group applies the IFRS 9 simplified approach to measure ECL which use lifetime ECL for all trade receivables. To measure ECL, trade receivables have been grouped on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprised of pledged bank balances, non-pledged bank deposits, cash and bank balances and other receivables, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the additional credit loss allowance of RMB1,660,000 has been recognised against retained earnings. The additional loss allowance is charged against the respective asset.

2. 主要會計政策(續)

2.2 應用國際財務報告準則第9號金融工具的影響及會計政策變動(續)

2.2.2 首次應用國際財務報告準則第9號所產生影響的概述(續)

(b) 預期信貸虧損模式下的減值

本集團應用國際財務報告準則第9號的簡化方法計量預期信貸虧損，就所有應收貿易賬款採用全期預期信貸虧損計量。為計量預期信貸虧損，應收貿易賬款已根據共同的信貸風險特徵分類。

按攤銷成本計量的其他金融資產（主要包括已質押銀行結餘、未質押銀行存款、現金及銀行結餘以及其他應收款項）的虧損撥備乃按12個月預期信貸虧損基準計量，且信貸風險自首次確認起並無顯著增加。

於2018年1月1日，額外信貸虧損撥備人民幣1,660,000元已於保留盈利中確認。額外虧損撥備於有關資產中支銷。



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2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the change in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item.

2. 主要會計政策(續)

2.3 應用所有新訂準則對期初簡明綜合財務狀況表產生的影響

由於上述實體會計政策有變，期初簡明綜合財務狀況表須作重列。下表列示就各個個別項目確認的調整。

		31 December 2017 (Audited)	IFRS 15	IFRS 9	1 January 2018 (Restated)
		2017年 12月 31日 (經審核) RMB'000 人民幣千元	國際財務 報告準則 第15號 RMB'000 人民幣千元	國際財務 報告準則 第9號 RMB'000 人民幣千元	2018年 1月1日 (經重列) RMB'000 人民幣千元
Non-current Assets	非流動資產				
AFS investments	可供出售投資	12,934	–	(12,934)	–
Equity instruments at FVTOCI	按公平值計入其他全面 收入的權益工具	–	–	12,934	12,934
Current asset	流動資產				
Trade and other receivables	應收貿易賬款及其他 應收款項	1,022,069	–	(1,660)	1,020,409
Current liability	流動負債				
Contract liabilities	合約負債	–	(348)	–	(348)
Trade and other payables	應付貿易賬款及 其他應付款項	(2,019,466)	348	–	(2,019,118)
Capital and Reserves	資本及儲備				
Share premium and reserves	股份溢價及儲備	–	–	(1,486)	(1,486)
Non-controlling interests	非控股權益	–	–	(174)	(174)



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簡明綜合財務報表附註

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3. REVENUE

Disaggregation of revenue

Segments	分部
Types of goods	商品類型
Raw milk	原料奶
Liquid milk products	液態奶產品
Total	總計
Timing of revenue recognition	收入確認時間
A point in time	時間點

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

3. 收入

收入細分

Six months ended 30 June 2018

截至2018年6月30日止六個月

	Dairy farming	Liquid milk products	Total
	奶牛養殖	液態奶產品	總計
	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元
	(unaudited)	(unaudited)	(unaudited)
	(未經審核)	(未經審核)	(未經審核)
	2,344,168	–	2,344,168
	–	240,869	240,869
	2,344,168	240,869	2,585,037
	2,344,168	240,869	2,585,037

客戶合約收入與分部資料披露的金額的對賬載列如下：

Six months ended 30 June 2018

截至2018年6月30日止六個月

Revenue disclosed in segment information	分部資料披露的收入
External customers	外部客戶
Inter-segment	內部
Eliminations	抵銷
Revenue from contracts with customers	客戶合約收入

	Dairy farming	Liquid milk products	Total
	奶牛養殖	液態奶產品	總計
	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元
	(unaudited)	(unaudited)	(unaudited)
	(未經審核)	(未經審核)	(未經審核)
	2,227,381	240,869	2,468,250
	116,787	–	116,787
	2,344,168	240,869	2,585,037
	(116,787)	–	(116,787)
	2,227,381	240,869	2,468,250



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

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4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable segments:

Segment revenue, results, assets and liabilities

Six months ended 30 June 2018 (unaudited)

Segment revenue	分部收入
Segment cost of sales before raw milk fair value adjustments	原料奶公平值調整前的 分部銷售成本
Reportable segment profit (loss)	可呈報分部溢利(虧損)
Loss arising from changes in fair value less costs to sell of dairy cows	乳牛公平值變動減乳牛出售 成本產生的虧損
Share of profit of associates	應佔聯營公司的溢利
Unallocated other income	未分配其他收入
Unallocated other gains and losses	未分配其他收益及虧損
Unallocated expenses	未分配開支
Loss before tax	除稅前虧損
As at 30 June 2018 (unaudited)	於2018年6月30日(未經審核)
Segment assets	分部資產
Unallocated assets	未分配資產
Consolidated assets	合併資產
Segment liabilities	分部負債
Unallocated liabilities	未分配負債
Consolidated liabilities	合併負債

* Inter-segment elimination represents the elimination of sales of raw milk from dairy farming segment to liquid milk products segment and balances of related current accounts.

Segment revenue of dairy farming segment included inter-segment revenue of RMB116,787,000, which are charged at internally agreed prices with reference to the local market prices between dairy farming segment and liquid milk products segment.

4. 分部資料

以下為按可呈報分部劃分的本集團收入及業績的分析：

分部收入、業績、資產及負債

截至2018年6月30日止六個月(未經審核)

Dairy farming	Liquid milk products	Subtotal	Inter-segment elimination*	Total
奶牛養殖	液態奶產品	小計	內部間抵銷*	總計
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
2,344,168	240,869	2,585,037	(116,787)	2,468,250
1,634,308	220,961	1,855,269	(122,442)	1,732,827
373,697	(92,934)	280,763	5,655	286,418
				(434,716)
				6,335
				8,564
				14,875
				(24,293)
				(142,817)
14,598,251	146,609	14,744,860	(143)	14,744,717
				1,018,718
				15,763,435
8,593,218	234,477	8,827,695	(143)	8,827,552
				21,783
				8,849,335

* 內部間抵銷指奶牛養殖分部向液態奶產品分部銷售原料奶與相關流動賬目結餘的抵銷。

乳牛養殖分部的分部收入包括內部間收入人民幣116,787,000元，乃按乳牛養殖分部與液態奶產品分部之間經參考地方市價的內部商定價格收取。



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

For the six months ended 30 June 2018

截至2018年6月30日止六個月

4. SEGMENT INFORMATION (continued)

4. 分部資料

Segment revenue, results, assets and liabilities (continued)

分部收入、業績、資產及負債(續)

Six months ended 30 June 2017 (unaudited)

截至2017年6月30日止六個月(未經審核)

		Dairy farming	Liquid milk products	Subtotal	Inter-segment elimination*	Total
		奶牛養殖	液態奶產品	小計	內部間抵銷*	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Segment revenue	分部收入	2,078,320	405,092	2,483,412	(139,032)	2,344,380
Segment cost of sales before raw milk fair value adjustments	原料奶公平值調整前的 分部銷售成本	1,515,032	357,472	1,872,504	(147,108)	1,725,396
Reportable segment profit (loss)	可呈報分部溢利(虧損)	249,854	(306,200)	(56,346)	8,076	(48,270)
Loss arising from changes in fair valueless costs to sell of dairy cows	乳牛公平值變動減乳牛出售成本產生的虧損					(497,080)
Share of loss of an associate	應佔一間聯營公司的虧損					(85)
Unallocated other income	未分配其他收入					12,369
Unallocated other gains and losses	未分配其他收益及虧損					(26,558)
Unallocated expenses	未分配開支					(127,752)
Loss before tax	除稅前虧損					(687,376)
As at 31 December 2017	於2017年12月31日					
Segment assets	分部資產	14,761,917	893,749	15,655,666	(6,682)	15,648,984
Unallocated assets	未分配資產					1,068,597
Consolidated assets	合併資產					16,717,581
Segment liabilities	分部負債	8,661,962	934,280	9,596,242	(1,027)	9,595,215
Unallocated liabilities	未分配負債					33,937
Consolidated liabilities	合併負債					9,629,152

* Inter-segment elimination represents the elimination of sales of raw milk from dairy farming segment to liquid milk products segment and balances of related current accounts.

Segment revenue of dairy farming segment included inter-segment revenue of RMB139,032,000, which are charged at prices internally agreed between dairy farming segment and liquid milk products segment.

* 內部間抵銷指奶牛養殖分部向液態奶產品分部銷售原料奶與相關流動賬目結餘的抵銷。

奶牛養殖分部的分部收入包括內部間收入人民幣139,032,000元，乃按奶牛養殖分部與液態奶產品分部之間內部商定的價格收取。



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簡明綜合財務報表附註

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截至2018年6月30日止六個月

4. SEGMENT INFORMATION (continued)

Geographic information

Since all revenue from external customers is derived from the customers located in mainland China and all of the non-current assets are located in mainland China and all the segments are managed on a nationwide basis because of the similarity of the type or class of the customers and the similarity of the regulatory environment in the whole region, no geographic information by segment is presented.

Information about major customers

Included in revenue arising from sales of raw milk to external customers of approximately RMB2,022,484,000 (for the six months ended 30 June 2017: RMB1,534,675,000) arose from sales to a single external customer. During the current period, the Group also sold liquid milk products of RMB239,995,000 (six months ended 30 June 2017: RMB22,602,000) to this customer. No other single customer contributed 10% or more to the Group's revenue for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

4. 分部資料(續)

地域資料

由於所有來自外部客戶的收入乃源自中國內地的客戶且所有非流動資產均位於中國內地，而所有分部因整個地區客戶類型或類別的相似性及監管環境的相似性而按全國基準進行管理，因此並無呈列按分部劃分的地域資料。

有關主要客戶的資料

外部客戶原料奶銷售收入包括向單一外部客戶銷售產生的收入約人民幣2,022,484,000元(截至2017年6月30日止六個月：人民幣1,534,675,000元)。於本期間，本集團亦向該客戶出售液態奶產品人民幣239,995,000元(截至2017年6月30日止六個月：人民幣22,602,000元)。截至2018年6月30日止期間，並無其他單一客戶向本集團貢獻10%或以上收入(截至2017年6月30日止六個月：零)。



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簡明綜合財務報表附註

For the six months ended 30 June 2018

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5. OTHER INCOME

5. 其他收入

		Six months ended 30 June 截至6月30日止六個月	
		2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Bank interest income	銀行利息收入	6,501	5,286
Government grants related to	就以下各項授出的政府補貼：		
– Other assets	– 其他資產	9,722	7,252
– Income (note)	– 收入(附註)	9,317	6,498
		19,039	13,750
Others	其他	8,781	8,790
		34,321	27,826

Note: These government grants are unconditional government subsidies received by the Group from relevant government bodies for the purpose of giving immediate financial support to the Group's operation.

附註：該等政府補貼為本集團從有關政府部門收取的無條件政府補貼，旨在為本集團的營運提供即時財政支持。



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截至2018年6月30日止六個月

6. PROFIT (LOSS) BEFORE FINANCE COSTS AND TAX 6. 除融資成本及稅項前溢利(虧損)

Profit (loss) before finance costs and tax is arrived at after charging (crediting):

除融資成本及稅項前溢利(虧損)乃扣除(計入)下列各項後計算得出：

		Six months ended 30 June 截至6月30日止六個月	
		2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Cost of sales before raw milk fair value adjustments	原料奶公平值調整前的銷售成本		
Breeding costs to produce raw milk	生產原料奶的養殖成本	1,565,928	1,413,920
Production costs for liquid milk products	液態奶產品的生產成本	166,899	311,476
		1,732,827	1,725,396
Raw milk fair value adjustments included in cost of sales	計入銷售成本的原料奶公平值調整	629,418	501,413
		2,362,245	2,226,809
Other gains and losses:	其他收益及虧損：		
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	16,876	-
Loss from settlement of Modified Considerations	結清經修訂代價的虧損	-	15,361
Net foreign exchange loss	外匯虧損淨額	50,474	4,546
Loss on disposal of property, plant and equipment, net	出售物業、廠房及設備虧損淨額	3,225	1,681
Gains arising on disposal of subsidiaries (note 24)	出售附屬公司的收益(附註24)	(18,193)	-
Impairment loss on trade receivables	應收貿易賬款減值虧損	-	156,400
Net loss on foreign currency forward	外匯遠期虧損淨額	2,152	1,949
Others	其他	(226)	3,280
		54,308	183,217



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截至2018年6月30日止六個月

6. PROFIT (LOSS) BEFORE FINANCE COSTS AND TAX (continued) 6. 除融資成本及稅項前溢利(虧損)(續)

		Six months ended 30 June 截至6月30日止六個月	
		2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	274,389	292,517
Less: capitalised in biological assets and agricultural produce	減：生物資產及農產品的資本化金額	(114,321)	(126,262)
Depreciation charged to profit or loss	自損益扣除的折舊	160,068	166,255
Equity-settled share option expense (note 22(a))	以股權結算的購股權開支(附註22(a))	–	92,623
Share award expense (note 22(c))	股份獎勵開支(附註22(c))	2,795	4,535
Other employee benefits costs	其他僱員福利開支	212,370	250,017
Less: capitalised in biological assets	減：生物資產資本化金額	(57,554)	(60,607)
Employee benefits charged to profit or loss	自損益扣除的僱員福利	157,611	286,568
Release of land use rights	土地使用權解除	2,031	2,016



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7. FINANCE COSTS

7. 融資成本

		Six months ended 30 June 截至6月30日止六個月	
		2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
Interest expenses on:	利息開支：		
Bank borrowings	銀行借款	90,146	85,472
Short-term debenture	短期債券	—	24,401
Medium-term notes	中期票據	27,960	45,340
Other borrowings	其他借款	24,406	6,771
Corporate bonds	公司債券	29,132	18,493
Total borrowing cost	借款成本總額	171,644	180,477
Less: amounts capitalised for construction of property, plant and equipment	減：有關建設物業、廠房及 設備的資本化金額	—	(412)
Cost of discount of bills receivable	應收票據貼現成本	—	2,965
Gain on an interest swap (note 15)	利率掉期收益(附註15)	(23,419)	(49)
		148,225	182,981

For the six months ended 30 June 2017, the borrowing cost was capitalised based on the terms of the general bank borrowings in respect of construction in progress. The weighted average capitalisation rate on general borrowings is 5.11% per annum for the six months ended 30 June 2017.

截至2017年6月30日止六個月，借款成本已就在建工程按一般銀行借款的條款資本化。截至2017年6月30日止六個月，一般借款的加權平均資本化比率為每年5.11%。



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8. INCOME TAX EXPENSE

8. 所得稅開支

The charge comprises:

Current tax:

PRC enterprise income tax

開支包括：

即期稅項：

中國企業所得稅

The tax charge represents income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of the subsidiaries established in the PRC.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Dividend income of Aquitair Holdings Limited from Modern Farming (Group) Co., Ltd (“Modern Farming”) is subject to Irish Income Tax at 25%. As at 30 June 2018, the aggregate amount of temporary differences associated with undistributed earnings of Modern Farming was approximately RMB1,669,257,000 (31 December 2017: RMB1,961,503,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

According to the prevailing tax rules and regulation of the PRC, the Group is exempted from enterprise income tax for taxable profit from the operation of agricultural business in the PRC.

Six months ended 30 June

截至6月30日止六個月

2018	2017
2018年	2017年
RMB'000	RMB'000
人民幣千元	人民幣千元
(unaudited)	(unaudited)
(未經審核)	(未經審核)
194	137

稅項開支指對在中國成立的附屬公司的應課稅收入按現行稅率計算的中國所得稅。

中國附屬公司於兩個期間須按25%的稅率繳納中國企業所得稅。其他司法權區產生的稅項乃按相關司法權區的現行稅率計算。

來自現代牧業(集團)有限公司(「現代牧業(集團)」)的Aquitair Holdings Limited的股息收入須按25%的稅率繳納愛爾蘭所得稅。於2018年6月30日，有關現代牧業(集團)未分派盈利的暫時差額總額約為人民幣1,669,257,000元(2017年12月31日：人民幣1,961,503,000元)。概無就該等差額確認任何負債，原因是本集團可控制暫時差額的撥回時間，而該等差額將於可見未來可能不會撥回。

根據中國現行稅務規則及法規，本集團於中國經營農業業務產生的應課稅溢利獲豁免繳納企業所得稅。



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9. DIVIDENDS

No interim dividends (six months ended 30 June 2017: nil) were paid, declared or proposed for current period.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

Loss

Loss for the purposes of basic and diluted loss per share

虧損

用於計算每股基本及攤薄虧損的虧損

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share

股份數目

用於計算每股基本及攤薄虧損的普通股加權平均數

The number of shares adopted in the calculation of the basic loss per share has been arrived at after eliminating the unvested shares of the Company held under the Company's share award scheme. The calculation of diluted loss per share for the period ended 30 June 2018 and 2017 has not taken into account the effect of the share options and share awards of the Company, as appropriate, since the assumed exercise and vesting would result in decrease in loss per share.

9. 股息

本期並無派付、宣派或擬派任何中期股息(截至2017年6月30日止六個月：無)。

10. 每股虧損

本公司持有人應佔每股基本及攤薄虧損乃根據以下數據計算：

Six months ended 30 June

截至6月30日止六個月

2018	2017
2018年	2017年
RMB'000	RMB'000
人民幣千元	人民幣千元
(unaudited)	(unaudited)
(未經審核)	(未經審核)
140,250	666,255

Six months ended 30 June

截至6月30日止六個月

2018	2017
2018年	2017年
RMB'000	RMB'000
人民幣千元	人民幣千元
(unaudited)	(unaudited)
(未經審核)	(未經審核)
6,091,492,673	5,949,128,811

計算每股基本虧損所採納的股份數目於抵銷本公司股份獎勵計劃項下持有的本公司未歸屬股份後得出。計算截至2018年及2017年6月30日止期間的每股攤薄虧損並不計及本公司購股權及股份獎勵(如適用)的影響，乃由於假設行使及歸屬會導致每股虧損減少。



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11. INTEREST IN ASSOCIATES

11. 於聯營公司的權益

		30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Cost on initial recognition	初步確認成本	56,040	-
Share of post-acquisition profits and other Comprehensive income	分佔收購後溢利及其他全面收入	6,335	-
		62,375	-

Details of the Group's interest in associates are as follows:

本集團於聯營公司權益的詳情如下：

Name of company	Place of establishment	Registered and paid-up capital		Proportion of ownership interest		Voting rights		Principal activities
		As at 30 June 2018	As at 31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	
公司名稱	成立地點	註冊及繳足股本 於2018年 6月30日	於2017年 12月31日	佔擁有權益的比例 %	佔擁有權益的比例 %	投票權 %	投票權 %	主要業務
Modern Farming (Feidong) Co., Ltd. ("Feidong") (note 24) 現代牧業(肥東)有限公司(「肥東」) (附註24)	PRC 中國	RMB50,000,000 人民幣50,000,000元	RMB50,000,000 人民幣50,000,000元	50	100	49	100	Liquid milk producing 生產液態奶
Modern Farming (Bengbu) Co., Ltd. ("Bengbu") (note 24) 現代牧業(蚌埠)有限公司(「蚌埠」) (附註24)	PRC 中國	RMB370,000,000 人民幣370,000,000元	RMB370,000,000 人民幣370,000,000元	50	100	49	100	Liquid milk producing 生產液態奶

In March 2018, Modern Farming sold 50% equity interest of Feidong and Bengbu to Inner Mongolia Mengniu Dairy (Group) Company Limited ("Inner Mongolia Mengniu"). However, under the articles of association, Inner Mongolia Mengniu has 51% of voting power at shareholder meetings and three out of a total of five directors of Feidong and Bengbu respectively, and thus has control over Feidong and Bengbu. The Group lost control of Feidong and Bengbu but has significant influence over Feidong and Bengbu, therefore classified them as associates of the Group. More details of the transaction are set out in note 24.

於2018年3月，現代牧業(集團)向內蒙古蒙牛乳業(集團)股份有限公司(「內蒙古蒙牛」)出售肥東及蚌埠的50%股權。然而，根據公司章程，內蒙古蒙牛分別在肥東和蚌埠的董事會中五名董事佔三名，而分別在肥東和蚌埠的股東大會上有51%的投票權，因此控制了肥東和蚌埠。本集團失去對肥東及蚌埠的控制權，但對肥東及蚌埠具有重大影響力，因此將其分類為本集團的聯營公司。有關該交易的更多詳情載於附註24。



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12. BIOLOGICAL ASSETS

The fair value less costs to sell of dairy cows at end of the reporting period is set out below:

Milkable cows	奶牛
Heifers and calves	小母牛及小牛
Total dairy cows	乳牛總計

The Group's dairy cows were fair valued by the Directors at 30 June 2018 while the fair value of the Group's dairy cows at 31 December 2017 has been arrived at on the basis of a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The valuation techniques used in the determination of fair values as well as the key inputs used in the valuation models are disclosed in note 28.

12. 生物資產

於報告期末的乳牛公平值減銷售成本載列如下：

30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
5,315,359	5,336,570
2,365,900	2,414,500
7,681,259	7,751,070

本集團乳牛乃由董事於2018年6月30日作出公平估值，而本集團乳牛於2017年12月31日的估值則由仲量聯行企業評估及諮詢有限公司進行估值而達致。釐定公平值所用估值技術及估值模型所用主要輸入數據披露於附註28。



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13. TRADE AND OTHER RECEIVABLES

13. 應收貿易賬款及其他應收款項

		30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Trade receivables	應收貿易賬款	1,449,052	1,392,548
Bills receivable	應收票據	5,000	500
Less: allowance for doubtful debts (note)	減：呆賬撥備(附註)	(565,695)	(495,168)
		888,357	897,880
Advanced payments for feeds and materials	就飼料及材料的墊款	90,991	97,178
Input value added tax recoverable	可收回進項增值稅	2,551	21,457
Interest receivables	應收利息	173	144
Others	其他	5,746	5,410
		987,818	1,022,069

Note: In June 2017, the Group entered into a framework supply and processing agreement with Mengniu and its subsidiaries ("Mengniu Group"), pursuant to which the Group agreed to sell its liquid milk products to Mengniu Group to enlarge its market share by leveraging the established distribution channel of Mengniu Group. In the meantime, the Group discontinued its direct cooperation with other major distributors (the "Distributors"). Following the above change in distribution channel, these Distributors have been engaged by Mengniu Group as the secondary distributors of Mengniu Group for distribution of liquid milk products of the Group. In view of the termination of the direct distributorship with these Distributors and the delay of repayments, the Group anticipated the trade receivable of RMB1,069,543,000 as at 31 December 2017 due from these Distributors may not be fully recovered. After taking into account the present value of future collection and the security of 318,697,354 ordinary shares of the Company provided by certain individuals who used to be the non-controlling equity holders of Modern Farming (Anhui) Dairy Product Sales Co., Ltd. ("Modern Farming Anhui") and were responsible for selecting distributors, an impairment loss of RMB488,489,000 was recognised in respect of the Group's trade receivables due from these Distributors for the year ended 31 December 2017. During the current period, the Group performed the impairment test under the ECL model and an impairment loss of RMB69,991,000 was recognised after considering the discounted cash flows that the Group expects to receive. As at 30 June 2018, the carrying amount of trade receivables of the Distributors were RMB510,260,000 (31 December 2017: RMB581,054,000), net of accumulated impairment loss of RMB558,480,000 (31 December 2017: RMB488,489,000). The Group will closely monitor and reinforce collection to the extent possible.

附註：於2017年6月，本集團與蒙牛及其附屬公司（「蒙牛集團」）訂立框架供應及加工協議，據此，本集團同意向蒙牛集團出售液態奶產品，透過借助蒙牛集團成熟的分銷渠道，擴大市場佔有額。同時，本集團終止與其他主要分銷商（「該等分銷商」）的直接合作。於分銷渠道出現上述變動後，該等分銷商已由蒙牛集團委聘作為蒙牛集團的次級分銷商，以分銷本集團的液體奶產品。鑒於與該等分銷商直接經銷權已終止及延遲還款，本集團預期，於2017年12月31日該等分銷商結欠的應收貿易賬款人民幣1,069,543,000元或不能全數收回。經計及未來收回款項的現值及若干曾為現代牧業（安徽）乳品銷售有限公司（「現代牧業安徽」）的非控股權益持有人並負責甄選分銷商的個別人士持有318,697,354股本公司普通股的抵押，截至2017年12月31日止年度已就該等分銷商結欠本集團的應收貿易賬款確認減值虧損人民幣488,489,000元。於本期間，於考慮本集團預期收取的貼現現金流量後，本集團根據預期信貸虧損模式進行減值測試並確認減值虧損人民幣69,991,000元。於2018年6月30日，該等分銷商的應收貿易賬款的賬面為人民幣510,260,000元（2017年12月31日：人民幣581,054,000元），當中已扣除累計減值虧損人民幣558,480,000元（2017年12月31日：人民幣488,489,000元）。本集團將密切監察及加強收款情況。



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13. TRADE AND OTHER RECEIVABLES (continued)

The Group normally allows credit periods of 30 to 120 days to its customers.

The following is an aging analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates at the end of the reporting period:

Trade receivables	應收貿易賬款
– within 120 days	– 120天以內
– beyond 120 days but within 360 days	– 120天以上但360天以內
– beyond 360 days	– 360天以上
Bills receivable	應收票據
– within 120 days	– 120天以內

13. 應收貿易賬款及其他應收款項(續)

本集團通常給予其客戶30至120天的信貸期。

於報告期末按發票日(與報告期末有關收益確認日期相若)呈列的應收貿易賬款(扣除呆賬撥備)賬齡分析如下：

30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
398,670	314,426
2,208	77,583
482,479	505,371
5,000	500
888,357	897,880



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14. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS

The ECL for debtors with significant balances are assessed individually such as the Distributors and Mengniu Group, and others are assessed collectively based on provision matrix.

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its liquid milk products segment operation because these customers consisted of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Based on the past average loss rate which provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on provision matrix as at 30 June 2018, the Group recognised impairment loss allowance of RMB9,448,000 at 30 June 2018.

14. 金融資產減值評估

該等分銷商及蒙牛集團等擁有重大結餘的債務人的預期信貸虧損將進行個別評估，其他則根據撥備矩陣進行集體評估。

撥備矩陣 – 債務人的賬齡

作為本集團信貸風險管理的一部分，本集團利用債務人的賬齡為其與液態奶產品分部營運有關的客戶進行減值評估，原因為該等客戶乃由大量擁有共同風險特徵（反映客戶根據合約條款支付所有到期款項的能力）的小客戶。根據過往平均虧損率所提供有關於2018年6月30日根據撥備矩陣作出集體評估的信貸風險敞口及應收貿易賬款預期信貸虧損的資料，本集團於2018年6月30日確認減值虧損撥備人民幣9,448,000元。



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15. OTHER FINANCIAL ASSETS AND FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Other financial assets

The Swap (note) 掉期(附註)

Financial asset at fair value through profit or loss

The Swap (note) 掉期(附註)
Foreign currency forward 外匯遠期

15. 其他金融資產及按公平值計入損益計量的金融資產

其他金融資產

30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
-	31,704

按公平值計入損益計量的金融資產

30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
55,123	-
791	-
55,914	-



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15. OTHER FINANCIAL ASSETS AND FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Financial asset at fair value through profit or loss (continued)

Note: In September 2017, the Company entered into a bank loan arrangement with several banks, and under such arrangement the Group was allowed to borrow United States Dollars (“US\$”) 300,000,000 loan from the banks at floating interest rate determined as “one-month US\$ London Inter Bank Offered Rate (“LIBOR”) + 1.9%” per annum up to 36 months. In order to manage the risk of interest rate fluctuation, the Company entered into four interest rate swap contracts (collectively referred to as the “Swap”), two with Rabobank Hong Kong (the “Rabobank”) and the other two with Westpac Banking Corporation (the “Westpac”). Pursuant to the contracts with Rabobank entered into in August and September 2017, the Company fixed one-month US\$ LIBOR to 1.53% per annum on the notional amount of US\$100,000,000 and to 1.54% per annum on the notional amount of US\$50,000,000, which commenced in October 2017 and February 2018, respectively and both will terminate on September 2020. Pursuant to the contracts with Westpac entered into in August and September 2017, the Company fixed one-month US\$ LIBOR to 1.53% per annum on the notional amount of US\$50,000,000 and to 1.54% per annum on the notional amount of US\$100,000,000, which commenced in September 2017 and January 2018, respectively and both will terminate on September 2020. All of which shall be settled monthly. The fair value changes of the Swap are gains of RMB23,419,000 for the six months ended 30 June 2018 which are recognised as a deduction of finance costs. The valuation techniques used in determination of fair values of the Swap are disclosed in note 28.

15. 其他金融資產及按公平值計入損益計量的金融資產(續)

按公平值計入損益計量的金融資產(續)

附註：於2017年9月，本公司與若干銀行訂立銀行貸款安排，根據有關安排，本集團獲准自銀行借入貸款300,000,000美元(「美元」)，按最多36個月「一個月美元倫敦銀行同業拆息(「倫敦銀行同業拆息」)+每年1.9%」的浮動利率計息。為管理利率波動風險，本公司訂立四份利率掉期合約(統稱「掉期」)，其中兩份與荷蘭合作銀行香港分行(「荷蘭合作銀行」)訂立，另外兩份與西太平洋銀行(「西太平洋」)訂立。根據與荷蘭合作銀行於2017年8月及9月訂立的合約，本公司將一個月美元倫敦銀行同業拆息固定為每年1.53%(按名義金額100,000,000美元)及為每年1.54%(按名義金額50,000,000美元)，該等合約分別於2017年10月及2018年2月開始，並均於2020年9月終止。根據與西太平洋於2017年8月及9月訂立的合約，本公司將一個月美元倫敦銀行同業拆息固定為每年1.53%(按名義金額50,000,000美元)及為每年1.54%(按名義金額100,000,000美元)，該等合約分別於2017年9月及2018年1月開始，並均於2020年9月終止，惟全部須每月結算。截至2018年6月30日止六個月，掉期的公平值變動收益人民幣23,419,000元乃確認為一項融資成本扣減。釐定掉期公平值所用的估值技術披露於附註28。



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16. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date and the analysis used by the Group's management to monitor the Group's financial position.

16. 應付貿易賬款及其他應付款項

以下為按賬齡劃分的應付貿易賬款分析，按發票日期呈列，且該分析被本集團管理層用作監督本集團的財務狀況。

		30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Trade payables	應付貿易賬款		
– within 60 days	– 60天以內	864,421	926,757
– beyond 60 days but within 120 days	– 超過60天但於120天以內	154,167	296,373
– beyond 120 days	– 超過120天	29,526	55,442
Bills payable (note)	應付票據(附註)	43,299	61,458
		1,091,413	1,340,030
Payable for acquisition of property, plant and equipment	購買物業、廠房及設備應付款項	288,601	393,745
Accrued staff costs	應計員工成本	65,237	84,548
Accrued interest expenses	應計利息開支	35,463	113,890
Advance payments from disposal of dairy cows and others	就出售乳牛及其他的預收款項	11,237	17,791
Others	其他	82,270	69,462
		1,574,221	2,019,466

Note: Bills payable are bank accepted and mature within twelve months from the respective issuance dates.

附註：應付票據可於銀行承兌，於各自發行日期起計十二個月內到期。



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17. BANK BORROWINGS

During the current period, the Group obtained new bank borrowings amounting to RMB1,940,627,000 (six months ended 30 June 2017: RMB1,114,507,000) and repaid RMB609,843,000 (six months ended 30 June 2017: RMB1,579,035,000).

The annual interest rate of the bank borrowings during the current period ranged from 0.45% to 4.80% (six months ended 30 June 2017: 0.90% to 6.40%).

18. OTHER BORROWINGS

Principal payable:

Within one year

- Collateralised borrowing (note)
- Borrowings from Mengniu Group (note 27 (d))

應付本金額：

一年內

- 有抵押借款(附註)
- 蒙牛集團借款(附註27(d))

Note:

In June 2016, Bengbu, which was formerly a subsidiary of the Group and became an associate since the end of March 2018, entered into a financing arrangement with Far Eastern Leasing Co., Ltd., pursuant to which the Group transferred the legal title of certain equipment of the Group to Far Eastern Leasing Co., Ltd. at net consideration of RMB96,250,000 and meanwhile leased back. Upon the maturity of the lease, Bengbu is entitled to purchase back the equipment at cash consideration of RMB100. Despite the arrangement involves a legal form of a lease, Bengbu accounted for the arrangement as a collateralised borrowing at amortised cost using effective interest method, in accordance with the substance of the arrangement.

17. 銀行借款

於本期間，本集團獲得新增銀行借款人民幣1,940,627,000元(截至2017年6月30日止六個月：人民幣1,114,507,000元)，並已償還人民幣609,843,000元(截至2017年6月30日止六個月：人民幣1,579,035,000元)。

於本期間，銀行借款的年利率介乎0.45%至4.80%(截至2017年6月30日止六個月：0.90%至6.40%)。

18. 其他借款

30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
–	38,399
1,000,000	1,065,400
1,000,000	1,103,799

附註：

於2016年6月，本集團前附屬公司蚌埠(並自2018年3月底起成為聯營公司)與Far Eastern Leasing Co., Ltd.訂立融資安排，據此，本集團以淨代價人民幣96,250,000元向Far Eastern Leasing Co., Ltd.轉讓本集團若干設備的法定業權並同時租回。於租賃到期時，蚌埠有權以現金代價人民幣100元購回設備。儘管安排涉及租賃的法律形式，但蚌埠根據安排的實質內容使用實際利息法按攤銷成本將安排入賬為有抵押借款。



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19. MEDIUM-TERM NOTES

19. 中期票據

		30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Within one year	一年內	599,545	1,198,922
Within a period of more than one year but not more than two years	超過一年但不超過兩年的期間	-	599,458
		599,545	1,798,380
Less: Amount due for settlement within 12 months (shown under current liabilities)	減：12個月內到期結算款項 (列於流動負債項下)	599,545	1,198,922
Amount due for settlement after 12 months	12個月後到期結算款項	-	599,458

Notes:

- i. On 23 March 2016, Modern Farming issued medium-term notes with an aggregate principal amount of RMB1,000,000,000 which will mature in two years. The medium-term notes bear a fixed interest rate of 4.60% per annum. Related transaction costs amounted to RMB3,000,000. The effective interest rate is 4.91% per annum.
- ii. On 23 March 2016, Modern Farming issued medium-term notes with an aggregate principal amount of RMB600,000,000 which will mature in three years. The medium-term notes bear a fixed interest rate of 4.75% per annum. Related transaction costs amounted to RMB1,800,000. The effective interest rate is 4.86% per annum.
- iii. On 11 February 2015, Modern Farming issued medium-term notes with an aggregate principal amount of RMB200,000,000 which will mature in three years. The medium-term notes bear a fixed interest rate of 6.00% per annum.

附註：

- i. 於2016年3月23日，現代牧業發行中期票據，本金總額為人民幣1,000,000,000元，將於兩年後到期。中期票據的固定利率為每年4.60%。相關交易成本為人民幣3,000,000元。實際利率為每年4.91%。
- ii. 於2016年3月23日，現代牧業發行中期票據，本金總額為人民幣600,000,000元，將於三年後到期。中期票據的固定利率為每年4.75%。相關交易成本為人民幣1,800,000元。實際利率為每年4.86%。
- iii. 於2015年2月11日，現代牧業發行中期票據，本金總額為人民幣200,000,000元，將於三年後到期。中期票據的固定利率為每年6.00%。



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20. CORPORATE BONDS

20. 公司債券

Corporate bonds

公司債券

30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
1,046,309	1,045,761

In June 2016, the Group obtained approval from China Securities Regulatory Commission to issue corporate bond in the PRC of an aggregate principal amount up to RMB2,000,000,000 within 24 months from the approval. On 12 August 2016, the Group issued the first tranche of the corporate bond of an aggregate principal amount of RMB250,000,000 which will mature in three years. The corporate bond bear a fixed interest rate of 5.30% per annum. Related transaction costs amounted to RMB1,125,000. The effective interest rate is 5.47% per annum.

On 28 March 2017, the Group issued the second tranche of corporate bond of an aggregate principal amount of RMB800,000,000 which will mature in three years. The corporate bond bear a fixed interest rate of 5.49% per annum. Related transaction costs amounted to RMB3,600,000. The effective interest rate is 5.66% per annum.

於2016年6月，本集團經中國證券監督管理委員會批准於批准之日起24個月內在中國發行本金總額最多人民幣2,000,000,000元的公司債券。於2016年8月12日，本集團發行首批公司債券，本金總額為人民幣250,000,000元，將於三年後到期。公司債券的固定利率為每年5.30%。相關交易成本為人民幣1,125,000元。實際利率為每年5.47%。

於2017年3月28日，本集團發行第二批公司債券，本金總額為人民幣800,000,000元，將於三年後到期。公司債券的固定利率為每年5.49%。相關交易成本為人民幣3,600,000元。實際利率為每年5.66%。



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21. SHARE CAPITAL

Authorised

At 1 January 2018 and 30 June 2018

法定

於2018年1月1日及
2018年6月30日

Issued and fully paid

At 1 January 2018 and 30 June 2018

已發行及繳足

於2018年1月1日及
2018年6月30日

Presented as

呈列為

21. 股本

Number of shares 股份數目 '000 千股	Share capital 股本 HK'000 千港元
10,000,000	1,000,000
6,131,407	613,141
30/6/2018 2018年 6月30日 RMB'000 人民幣千元	31/12/2017 2017年 12月31日 RMB'000 人民幣千元
526,058	526,058

22. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share Option Schemes

As at 1 January 2017, the Company had outstanding share options granted under several share option schemes, namely Share Option Scheme I, Share Option Scheme II, Share Option Scheme III and Modern Farming Option Scheme. The definition and details of these share option schemes are set out in note 33 to the Company's consolidated financial statements for the year ended 31 December 2017.

22. 以股份支付的付款交易

(a) 購股權計劃

於2017年1月1日，本公司有根據若干購股權計劃（即購股權計劃I、購股權計劃II、購股權計劃III及現代牧業購股權計劃）授出但未行使的購股權。該等購股權計劃的定義及詳情載於本公司截至2017年12月31日止年度的綜合財務報表附註33。



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22. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

(a) Share Option Schemes (continued)

In February 2017, Mengniu made a mandatory cash offer to acquire and cancel all of the outstanding share options issued by the Company. In March 2017, all of the grantees of Share Option Scheme I, Share Option Scheme II, Share Option Scheme III and one grantee of Modern Farming Option Scheme accepted the offer and therefore all of the outstanding options issued under Share Option Scheme I, Share Option Scheme II, Share Option Scheme III and 9,142,924 share options of Modern Farming Option Scheme were acquired and cancelled by Mengniu. The cancellation of share options that have not been vested is accounted for as acceleration of vesting, resulting in an one-off share option expense of RMB92,623,000 recognised upon the cancellation and the amount of RMB204,543,000 previously recognised in share option reserve in respect of these cancelled share option schemes was transferred to retained earnings.

(b) Modern Farming Option Scheme

The Modern Farming Option Scheme was adopted pursuant to agreement dated 9 June 2009 for the primary purpose of providing incentives to directors and eligible employees of Modern Farming and its subsidiaries, and will expire on 8 June 2019. Under the Modern Farming Option Scheme, Modern Farming granted options to two directors and one top management of Modern Farming (the "MF Grantees") to subscribe for a total of RMB10,821,069 paid-in capital (the "MF Options") and each MF option has an exercise price of RMB5.9883 per RMB1 paid-in capital on 17 June 2009, which were vested immediately.

At 30 June 2010, the amount of paid-in capital in respect of which MF Grantees can subscribe for and remained outstanding under the Modern Farming Scheme was RMB10,821,069, representing 2.09% of the paid-in capital of Modern Farming at that date.

22. 以股份支付的付款交易(續)

(a) 購股權計劃(續)

於2017年2月，蒙牛公司進行強制性現金要約以收購並註銷所有由本公司發行的未行使購股權。於2017年3月，所有購股權計劃I、購股權計劃II、購股權計劃III的承授人及一名現代牧業購股權計劃的承授人接納該要約，因此，根據購股權計劃I、購股權計劃II及購股權計劃III發行的所有尚未行使購股權及現代牧業購股權計劃的9,142,924份購股權已由蒙牛公司購得並註銷。註銷尚未歸屬的購股權列賬為加快歸屬，產生的一次性購股權開支人民幣92,623,000元於註銷後確認，而就該等已註銷購股權計劃先於購股權儲備確認的金額人民幣204,543,000元已轉撥至保留盈利。

(b) 現代牧業購股權計劃

現代牧業購股權計劃乃根據日期為2009年6月9日訂立的協議採納，主要旨在為現代牧業及其附屬公司的董事及合資格僱員提供獎勵，並將於2019年6月8日屆滿。根據現代牧業購股權計劃，現代牧業向現代牧業兩名董事及一名最高層管理人員（「現代牧業承授人」）授出可認購合共人民幣10,821,069元實繳資本的購股權（「現代牧業購股權」），而每份現代牧業購股權於2009年6月17日的行使價為每人民幣1元實繳資本人民幣5.9883元，已即時歸屬。

於2010年6月30日，現代牧業承授人根據現代牧業計劃可以認購及尚未認購的實繳資本額為人民幣10,821,069元，佔現代牧業於該日期實繳資本的2.09%。



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22. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

(b) Modern Farming Option Scheme (continued)

On 31 October 2010, the Company granted to the MF Grantees a total of 87,412,507 share options of the Company for nil consideration and each with an exercise price of HK\$0.86 (RMB0.74) per share (the "Management Options") to replace the MF Options which lapsed and ceased to have effect at the same time. The Company's management considers that the Management Options granted is a replacement of the MF Options granted and the incremental fair value caused by the replacement of the MF Options with the Management Options is insignificant. The following table discloses movements of the Management Options during the current period:

Category	Outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Accepted the offer during the period	Outstanding and exercisable as at 30 June 2018
類別	於2018年1月1日尚未行使	期內授出	期內行使	期內接受要約	於2018年6月30日尚未行使及可行使
Management Options	50,930,832	-	-	-	50,930,832

Category	Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Accepted the offer during the period	Outstanding and exercisable as at 30 June 2017
類別	於2017年1月1日尚未行使	期內授出	期內行使	期內接受要約	於2017年6月30日尚未行使及可行使
Management Options	60,073,756	-	-	(9,142,924)	50,930,832

22. 以股份支付的付款交易(續)

(b) 現代牧業購股權計劃(續)

於2010年10月31日，本公司以零代價向現代牧業承授人授出合共87,412,507份本公司購股權，每份購股權行使價為每股0.86港元(人民幣0.74元)(「管理層購股權」)，以替代同時已經失效並不再生效的現代牧業購股權。本公司管理層認為，授出的管理層購股權乃替代已授出的現代牧業購股權，而由管理層購股權替代現代牧業購股權引致的增額公平值並不重大。下表披露管理層購股權於本期間的變動：



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22. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

(c) Share Award Scheme

I Share Award Scheme I

On 9 September 2016 (the "Adoption Date I"), the Company adopted a share award scheme (the "Share Award Scheme I") to motivate and award the contribution of certain members of management and eligible employees of the Group. Subject to any early termination as may be determined by the Board, the Share Award Scheme I is valid and effective for a period of 5 years commencing on the Adoption Date I. The shares to be awarded under the Share Award Scheme I will be acquired by the Company through Dairy Fortune Limited ("Dairy Fortune") which is 100% owned by Dairy Fortune (PTC) Limited (the "Trustee") from the open market by cash contributed by the Group under the directions of the Company and will be held in trust for the relevant selected participants until such shares are vested. The maximum number of Shares which may be purchased by the Dairy Fortune is 55,000,000 Shares. The total contributed amount shall be not more than HK\$70,000,000. During the year ended 31 December 2016, based on the Company's instructions, the Dairy Fortune purchased a total of 35,519,000 ordinary shares of the Company on open market at a total consideration of approximately HK\$68,966,000 (equivalent to RMB61,424,000). During the year ended 31 December 2017, the Dairy Fortune purchased another 450,000 ordinary shares from the open market at a total consideration of approximately HK\$803,000 (equivalent to RMB713,000) and the number of ordinary shares purchased by Dairy Fortune increased to 35,969,000 shares (the "Award Shares").

22. 以股份支付的付款交易(續)

(c) 股份獎勵計劃

I 股份獎勵計劃I

於2016年9月9日(「採納日期I」)，本公司採納一項股份獎勵計劃(「股份獎勵計劃I」)以激勵及獎勵本集團若干管理層成員及合資格僱員的貢獻。除董事會可能釐定的任何提早終止外，股份獎勵計劃有效期五年，自採納日期起生效。根據股份獎勵計劃I將獎勵的股份由本公司透過 Dairy Fortune (PTC) Limited(「受託人」)全資擁有的 Dairy Fortune Limited(「Dairy Fortune」)按照本公司指示以本集團注資的現金從公開市場上收購，並將以信託方式為相關選定參與者持有，直至將有關股份歸屬。Dairy Fortune可購入的股份數目上限為55,000,000股股份。總注資金額不超過70,000,000港元。截至2016年12月31日止年度，按照本公司指示，Dairy Fortune已從公開市場上收購合計35,519,000股本公司普通股，總代價約為68,966,000港元(相當於人民幣61,424,000元)。於截至2017年12月31日止年度，Dairy Fortune從公開市場上收購另外450,000股普通股，總代價約為803,000港元(相當於人民幣713,000元)，而Dairy Fortune購買的普通股數目增加至35,969,000股(「獎勵股份」)。



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22. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

(c) Share Award Scheme (continued)

I Share Award Scheme I (continued)

Based on the trust arrangements among the Company, the sole shareholder of the Trustee and the Trustee, the Company is able to control the Trustee and its subsidiary, Dairy Fortune, pursuant to IFRS 10 Consolidated Financial Statements. Therefore, the Group accounts for the Trustee and Dairy Fortune as consolidated structured entities. The ordinary shares of the Company held by Dairy Fortune are accounted for as a debit to the Group's reserve and are presented under the account of "Shares held under the Share Award Schemes" in the condensed consolidated financial statements.

On 21 April 2017 (the "Grant Date"), a total number of 35,969,000 Award Shares were granted to the selected participants. Out of the total shares granted, 6,637,000 Award Shares were granted to certain members of management (the "Award Shares A"), which would vest in the third anniversary of the Grant Date provided that certain performance and service conditions are met. The remaining Award Shares of 29,332,000 were granted to the certain members of management and the eligible employees (the "Award Shares B"), which would vest in the second anniversary of the Grant Date provided they are still employed by the Group.

22. 以股份支付的付款交易(續)

(c) 股份獎勵計劃(續)

I 股份獎勵計劃I(續)

根據本公司、受託人的唯一股東及受託人之間的信託安排，本公司根據國際財務報告準則第10號綜合財務報表能夠控制受託人及其附屬公司Dairy Fortune。因此，本集團將受託人及Dairy Fortune入賬列為綜合架構實體。Dairy Fortune所持本公司普通股入賬列為本集團儲備借記，並列示於簡明綜合財務報表的「根據股份獎勵計劃持有的股份」項下。

於2017年4月21日(「授出日期」)，合共35,969,000股獎勵股份授予選定參與者。於所有授出股份中，6,637,000股獎勵股份(「獎勵股份A」)授予若干管理層成員，於授出日期的第三個周年歸屬，惟須符合若干表現及服務條件。餘下29,332,000股獎勵股份(「獎勵股份B」)則授予若干管理層成員及合資格僱員，於授出日期的第二個周年歸屬，惟彼等須仍受僱於本集團。



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22. SHARE-BASED PAYMENT TRANSACTIONS 22. 以股份支付的付款交易(續)

(continued)

(c) Share Award Scheme (continued)

I Share Award Scheme I (continued)

The following table discloses movements of the Award Shares during the reporting period:

Category	Outstanding as at 1 January 2018 於2018年 1月1日 尚未行使	Granted during the period 期內授出	Exercised during the period 期內行使	Forfeited due to resignation during the period 期內因辭任沒收	Outstanding as at 30 June 2018 於2018年 6月30日 尚未行使
Award Shares A 獎勵股份A	5,687,000	-	-	-	5,687,000
Award Shares B 獎勵股份B	25,601,000	-	-	(1,770,000)	23,831,000
	31,288,000	-	-	(1,770,000)	29,518,000

(c) 股份獎勵計劃(續)

I 股份獎勵計劃I(續)

下表披露獎勵股份於報告期間的變動：

Category	Outstanding as at 1 January 2017 於2017年 1月1日 尚未行使	Granted during the period 期內授出	Exercised during the period 期內行使	Forfeited due to resignation during the period 期內因辭任沒收	Outstanding as at 30 June 2017 於2017年 6月30日 尚未行使
Award Shares A 獎勵股份A	-	6,637,000	-	-	6,637,000
Award Shares B 獎勵股份B	-	29,332,000	-	(457,000)	28,875,000
	-	35,969,000	-	(457,000)	35,512,000



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22. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

(c) Share Award Scheme (continued)

I Share Award Scheme I (continued)

The fair values of Award Shares A and Award Shares B determined at the date of grant using Black-Scholes Model were HK\$7,731,000 (equivalent to RMB6,844,000) and HK\$36,265,000 (equivalent to RMB32,102,000) respectively.

The following assumptions were used to calculate the fair values of the Award Shares:

Grant date share price	授出日期的股價
Strike Price	行使價
Risk-free interest rate	無風險利率
Maturity years	到期年
Expected volatility	預期波幅
Dividend yield	股息收益
Option value	購股權價值

Expected volatility was determined by using the historical volatility of the Company's share price.

The variables and assumptions used in computing the fair value of the share options are based on the best estimate of the Directors. Changes in variables and assumptions may result in changes in the fair value of the Award Shares.

The Group recognised a share award expense of RMB2,795,000 accordingly during the current period (for the six months ended 30 June 2017: RMB4,535,000).

22. 以股份支付的付款交易(續)

(c) 股份獎勵計劃(續)

I 股份獎勵計劃I(續)

獎勵股份A及獎勵股份B於授出日期使用布萊克-舒爾茨模式釐定的公平值分別為7,731,000港元(相當於人民幣6,844,000元)及36,265,000港元(相當於人民幣32,102,000元)。

採用以下假設計算獎勵股份的公平值：

	Award Shares A 獎勵股份A	Award Shares B 獎勵股份B
Grant date share price	HK\$1.66 1.66港元	HK\$1.66 1.66港元
Strike Price	HK\$1.66 1.66港元	HK\$1.66 1.66港元
Risk-free interest rate	1.44%	1.30%
Maturity years	3	2
Expected volatility	48.53%	49.05%
Dividend yield	0.00%	0.00%
Option value	HK\$0.50 0.50港元	HK\$0.42 0.42港元

預期波幅乃使用本公司股價的歷史波幅釐定。

用於計算購股權公平值的變量及假設是按董事的最佳估計為基準。變量及假設的變動可能會導致獎勵股份公平值出現變動。

於本期間，本集團確認股份獎勵開支為人民幣2,795,000元(截至2017年6月30日止六個月：人民幣4,535,000元)。



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22. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

(c) Share Award Scheme (continued)

II Share Award Scheme II

On 26 March 2018 (the "Adoption Date II"), the Company adopted a share award scheme (the "Share Award Scheme II") to motivate and award the contribution of certain members of management and eligible employees of the Group. Subject to any early termination as may be determined by the Board, the Share Award Scheme II is valid and effective for a period of 10 years commencing on the Adoption Date II. The shares to be awarded under the Share Award Scheme II will be acquired by the Company through Dairy Fortune from the open market by cash contributed by the Group under the directions of the Company and will be held in trust for the relevant selected participants until such shares are vested. The maximum number of shares which may be purchased by the Trustee is set at no more than 1% of the number of issued ordinary shares of the Company at the preceding annual general meeting. During the six months ended 30 June 2018, based on the Company's instructions, the Dairy Fortune purchased a total of 20,000,000 ordinary shares of the Company on open market at a total consideration of approximately HK\$28,835,000 (equivalent to RMB23,583,000).

22. 以股份支付的付款交易(續)

(c) 股份獎勵計劃(續)

II 股份獎勵計劃II

於2018年3月26日(「採納日期II」)，本公司採納一項股份獎勵計劃(「股份獎勵計劃II」)，以激勵及獎勵本集團若干管理層成員及合資格僱員的貢獻。除董事會可能釐定的任何提早終止外，股份獎勵計劃II有效期十年，自採納日期II起生效。根據股份獎勵計劃II將獎勵的股份將由本公司透過Dairy Fortune按照本公司指示以本集團注資的現金從公開市場上收購，並將以信託方式為相關選定參與者持有，直至將有關股份歸屬。受託人可購入的股份數目上限設定為不得超過本公司於上一屆股東週年大會上已發行普通股數目的1%。截至2018年6月30日止六個月，按照本公司指示，Dairy Fortune已從公開市場上收購合計20,000,000股本公司普通股，總代價約為28,835,000港元(相當於人民幣23,583,000元)。



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22. SHARE-BASED PAYMENT TRANSACTIONS

(continued)

(c) Share Award Scheme (continued)

II Share Award Scheme II (continued)

As described above, the ordinary shares of the Company held by Dairy Fortune are accounted for as a debit to the Group's reserve and are presented under the account of "Shares held under the Share Award Schemes" in the condensed consolidated financial statements.

23. ACQUISITION OF NON-CONTROLLING INTERESTS

On 25 January 2017, the Company issued 338,602,205 ordinary shares of the Company to the holding companies owned by the non-controlling equity holders of Modern Farming Anhui (a subsidiary of the Group), which are non-related to the Group, in exchange for the 100% shareholding interest of Strong Alliance Investment Holdings Company Limited which owned 45% interest of equity interest in Modern Farming Anhui and bank balances of RMB1,800,000. After the acquisition, Modern Farming Anhui is owned as to 45% by the Company and as to 55% by Modern Farming. The excess of RMB555,297,000 between the fair value of the consideration transferred over the carrying amount of the non-controlling interests and bank balances acquired is debited to the Group's other reserve.

22. 以股份支付的付款交易(續)

(c) 股份獎勵計劃(續)

II 股份獎勵計劃II(續)

如上文所述，Dairy Fortune所持本公司普通股入賬列為本集團儲備借記，並列示於簡明綜合財務報表「根據股份獎勵計劃持有的股份」項下。

23. 收購非控股權益

於2017年1月25日，本公司向本集團附屬公司現代牧業(安徽)的非控股權益持有人擁有的控股公司(其與本集團並無關連)發行338,602,205股本公司普通股，以交換Strong Alliance Investment Holdings Company Limited(其擁有現代牧業(安徽)45%股權)全部股權及銀行結餘人民幣1,800,000元。該收購事項後，現代牧業(安徽)由本公司及現代牧業分別擁有45%及55%權益。已轉撥代價公平值超出所收購非控股權益及銀行結餘賬面值的人民幣555,297,000元於本集團其他儲備中扣除。



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24. DISPOSAL OF SUBSIDIARIES

On 22 January 2018, Modern Farming and Inner Mongolia Mengniu entered into two share transfer agreements, pursuant to which Modern Farming agreed to sell, and Inner Mongolia Mengniu agreed to acquire 50% equity interest of Feidong and Bengbu respectively at an aggregate cash consideration of RMB56,040,000. The disposal was completed on 29 March 2018 and 26 March 2018 respectively, on which date the Group lost control of Feidong and Bengbu.

24. 出售附屬公司

於2018年1月22日，現代牧業與內蒙古蒙牛訂立兩份股份轉讓協議，據此，現代牧業同意出售及內蒙古蒙牛同意分別收購肥東及蚌埠的50%股權，現金代價合共為人民幣56,040,000元。該出售事項分別於2018年3月29日及2018年3月26日（本集團於該日期失去對肥東及蚌埠的控制權）完成。

		RMB'000 人民幣千元
Consideration received:	已收代價：	
Cash received	已收現金	56,040
		31 March 2018 2018年3月31日 RMB'000 人民幣千元
Analysis of assets and liabilities over which control was lost:	失去控制權的資產及負債分析：	
Property, plant and equipment	物業、廠房及設備	439,882
Land use rights	土地使用權	4,674
Inventories	存貨	17,915
Trade and other receivables	應收貿易賬款及其他應收款項	137,341
Cash and bank balances	現金及銀行結餘	147,600
Bank borrowings	銀行借款	(394,213)
Other borrowings	其他借款	(93,526)
Trade and other payables	應付貿易賬款及其他應付款項	(141,156)
Deferred income	遞延收入	(24,630)
Net assets disposed of	已出售的資產淨值	93,887
Gain on disposal of subsidiaries:	出售附屬公司的收益	
Consideration received	已收代價	56,040
Interest in associates	於聯營公司的權益	56,040
Net assets disposed of	已出售的資產淨值	(93,887)
Gain on disposal	出售收益	18,193
Net cash outflow arising on disposal:	出售事項產生的現金流出淨額：	
Cash consideration	現金代價	56,040
Less: bank balances and cash disposed of	減：已出售的銀行結餘及現金	(147,600)
		(91,560)



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25. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group has commitment to make future minimum lease payments in respect of property, plant and equipment and land use rights under non-cancellable operating leases which fall due as follows:

Within one year	一年以內
In the second to fifth year inclusive	第二年至第五年(包括首尾兩年)
Over five years	超過五年

25. 經營租賃承擔

本集團(作為承租人)

於報告期末，本集團已承諾就根據不可撤銷經營租賃租用的物業、廠房及設備以及土地使用權支付的未來最低租金按到期情況分析如下：

30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
7,001	9,485
1,593	2,225
2,695	183
11,289	11,893

26. CAPITAL COMMITMENTS

Capital expenditure contracted but not provided for, in respect of acquisition of property, plant and equipment	已訂約但未計提撥備的 資本開支就收購物業、 廠房及設備
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26. 資本承擔

30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
16,000	41,857



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27. RELATED PARTY TRANSACTIONS

27. 關連方交易

(a) Names and relationship with related parties are as follows:

(a) 以下為關連方名稱及與關連方的關係：

Mengniu

A shareholder who directly and indirectly held 60.76% of the Company's issued share capital

蒙牛

直接及間接持有本公司已發行股本60.76%的股東

(b) At the end of the reporting period, the Group had the following balances with related parties:

(b) 於報告期末，本集團與關連方有下列結餘：

Amount due from

應收關連方款項

		30 June 2018 2018年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2017 2017年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Mengniu Group	蒙牛集團		
Trade receivable – raw milk	應收貿易賬款－原料奶		
Within 120 days based on invoice date	按發票日計120天以內	328,998	182,063
Trade receivable – liquid milk	應收貿易賬款－液態奶		
Within 120 days based on invoice date	按發票日計120天以內	–	39,335
Feidong	肥東		
Trade receivable – raw milk	應收貿易賬款－原料奶		
Within 120 days based on invoice date	按發票日期120天以內	3,397	N/A 不適用
Bengbu	蚌埠		
Trade receivable – raw milk	應收貿易賬款－原料奶		
Within 120 days based on invoice date	按發票日期120天以內	173	N/A 不適用



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27. RELATED PARTY TRANSACTIONS (continued)

(c) During the current period, the Group entered into the following transactions with related parties:

Mengniu Group	蒙牛集團
Sales of raw milk	銷售原料奶
Sales of liquid milk	銷售液態奶
Mengniu Group	蒙牛集團
Disposal of equity interests in subsidiaries with losing control (note 24)	出售附屬公司的權益並失去控制權(附註24)

The sales prices were based on mutually agreed terms.

27. 關連方交易(續)

(c) 於本期間，本集團與關連方訂立以下交易：

Six months ended 30 June	
截至6月30日止六個月	
2018	2017
2018年	2017年
RMB'000	RMB'000
人民幣千元	人民幣千元
(unaudited)	(unaudited)
(未經審核)	(未經審核)
2,022,484	1,534,675
239,995	22,602
2,262,479	1,557,277
56,040	N/A
	不適用

銷售價格是基於共同協定條款。



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27. RELATED PARTY TRANSACTIONS (continued)

(d) Other borrowings

During the current period, the Group entered into the following transactions with related parties:

Category	As at 1 January 2018 於2018年 1月1日	Raised during the period 期內籌集	Payment during the period 期內付款	Disposal of subsidiaries during the period 期內出售 附屬公司	As at 30 June 2018 於2018年 6月30日
類別	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Other borrowings from Mengniu Group 蒙牛集團其他借款	1,065,400	1,061,000	(1,061,000)	(65,400)	1,000,000

In May 2017, the Group entered into two entrusted loan agreements with Mengniu Group and Agricultural Bank of China ("ABC"), pursuant to which Mengniu Group agreed to offer borrowing facilities of RMB1,500,000,000 to the Group through ABC. The borrowing facilities will mature in May 2020 and bear interest at fixed rates determined with reference to the benchmark interest rate of People's Bank of China. During the current period, the Group drew down borrowings of RMB1,061,000,000 and repaid RMB1,061,000,000 under the agreements. The outstanding borrowings at 30 June 2018 will mature within one year and bear interest at fixed rate of 4.00% per annum.

(e) Compensation of key management personnel

The emoluments of key management during the reporting period were as follows:

Salaries and other benefits	薪金及其他福利
Recognition of equity-settled share option and share award payments	確認按股權結算的購股權及股份獎勵計劃付款
Retirement benefits scheme contributions	退休福利計劃供款

27. 關連方交易(續)

(d) 其他借款

於本期間，本集團與關連方訂立以下交易：

於2017年5月，本集團與蒙牛集團及中國農業銀行(「中國農業銀行」)訂立兩份委託貸款協議，據此，蒙牛集團同意透過中國農業銀行向本集團提供借款融資人民幣1,500,000,000元。該等借款融資將於2020年5月到期，按參考中國人民銀行的基準利率釐定的固定利率計息。於本期間，本集團根據該等協議已提取借款人民幣1,061,000,000元及償還人民幣1,061,000,000元。於2018年6月30日尚未償還的借款將於一年內到期，並按4.00%的年利率計息。

(e) 主要管理人員的薪酬

以下是主要管理人員於報告期間的酬金：

Six months ended 30 June 截至6月30日止六個月

2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)	2017 2017年 RMB'000 人民幣千元 (unaudited) (未經審核)
3,810	4,480
1,247	27,190
175	96
5,232	31,766



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28. FAIR VALUE MEASUREMENTS

Fair value of the Group's biological assets, financial assets and financial liabilities that are measured at fair value or fair value less cost to sell on a recurring basis

The Group's biological assets are measured at fair value less costs to sell, and some of financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these assets and liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value hierarchy

Assets/(liabilities) 資產/(負債)

Biological assets	生物資產	
Derivative financial instruments – foreign currency forward	衍生金融工具 – 外匯遠期	
Other financial assets	其他金融資產	
Financial asset at FVTPL	按公平值計入損益的 金融資產	
– foreign currency forward	– 外匯遠期	
– the Swap	– 掉期	
Equity instruments at FVTOCI	按公平值計入其他 全面收入的權益工具	
– unquoted equity investment I	– 未報價權益投資I	
– other unquoted equity investment	– 其他未報價權益投資	

28. 公平值計量

按經常性基準以公平值或公平值減銷售成本計量的本集團生物資產、金融資產及金融負債的公平值

本集團的生物資產按公平值減銷售成本計量，部分金融資產及金融負債於各報告期末按公平值計量。下表提供有關根據公平值計量的輸入數據的可觀察程度如何釐定該等資產及負債的公平值（特別是所使用的估值方法及輸入數據），及劃分公平值計量的公平值級別水平（第一至三級）的資料。

公平值級別

Fair value as at 30 June 2018 於2018年 6月30日 的公平值 RMB'000 人民幣千元 (unaudited) (未經審核)	Fair value as at 31 December 2017 於2017年 12月31日 的公平值 RMB'000 人民幣千元 (audited) (經審核)	Fair value hierarchy 公平值 級別
7,681,259	7,751,070	Level 3 第三級
2,943	N/A	Level 2 第二級
N/A 不適用	31,704	Level 2 第二級
791	N/A	Level 2 第二級
55,123	N/A	Level 2 第二級
4,064	N/A	Level 3 第三級
1,100	N/A	Level 3 第三級



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28. FAIR VALUE MEASUREMENTS (continued)

Valuation techniques used in fair value measurements

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used in the valuation models as at 30 June 2018:

28. 公平值計量(續)

公平值計量使用的估值方法

下表列示於2018年6月30日計量第三級公平值時所用的估值方法，以及估值模型所用的重大不可觀察輸入數據：

Type 類型	Valuation technique 估值方法	Significant unobservable inputs 重大不可觀察輸入數據	Inter-relationship between significant unobservable inputs and fair value measurements 重大不可觀察輸入數據與公平值 計量之間的相互關係
Foreign currency forward	Discounted cash flow Future cash flow are estimated based on forward exchange rates (from observable forward exchange rates at the end of reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
外匯遠期	貼現現金流量 未來現金流量乃根據遠期匯率(來自報告期末的可觀察遠期匯率)及合約遠期匯率估計，按反映多名對手方的信貸風險的利率貼現。	不適用	不適用
The Swap	Discounted cash flow Future cash flow are estimated based on forward interest rates (from observable interest rate at the end of reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
掉期	貼現現金流量 未來現金流量乃根據遠期利率(來自報告期末的可觀察利率)及合約利率估計，按反映多名對手方的信貸風險的利率貼現。	不適用	不適用



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28. FAIR VALUE MEASUREMENTS (continued)

28. 公平值計量(續)

Valuation techniques used in fair value measurements (continued)

公平值計量使用的估值方法(續)

Type 類型	Valuation technique 估值方法	Significant unobservable inputs 重大不可觀察輸入數據	Inter-relationship between significant unobservable inputs and fair value measurements 重大不可觀察輸入數據與公平值 計量之間的相互關係
Heifers and calves	The fair value of 14 months old heifers is determined by reference to the local market selling price.	Average local market selling prices of the heifers of 14 months old were estimated at RMB23,700 per head at 30 June 2018 (31 December 2017: RMB23,700).	An increase in the estimated local market selling price used would result in a smaller percentage increase in the fair value measurement of the heifers and calves, and vice versa.
小母牛及小牛	14個月的小母牛公平值乃參考當地市場售價釐定。	於2018年6月30日，14個月的小母牛的平均當地市場售價估計為每頭人民幣23,700元(2017年12月31日：人民幣23,700元)。	所用的估計當地市場售價增加將導致小母牛及小牛公平值計量的較小比例增加，反之亦然。



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28. FAIR VALUE MEASUREMENTS (continued)

28. 公平值計量(續)

Valuation techniques used in fair value measurements (continued)

公平值計量使用的估值方法(續)

Type 類型	Valuation technique 估值方法	Significant unobservable inputs 重大不可觀察輸入數據	Inter-relationship between significant unobservable inputs and fair value measurements 重大不可觀察輸入數據與公平值 計量之間的相互關係
	<p>The fair values of heifers and calves at age-group less than 14 months are determined by subtracting the estimated feeding costs required to raise the cows from their respective age at the end of each reporting period to 14 months plus the margins that would normally be required by a raiser. Conversely, the fair values of heifers at age group older than 14 months are determined by adding the estimated feeding costs required to raise the heifers from 14 months old to their respective age at the end of each reporting period plus the margins that would normally be required by a raiser.</p>	<p>Estimated average feeding costs per head plus margin that would normally be required by a raiser for heifers and calves younger than 14 months old are RMB15,371 at 30 June 2018 (31 December 2017: RMB15,171); average estimated feeding costs per head plus margin that would normally be required by a raiser for heifers older than 14 months old are RMB16,149 at 30 June 2018 (31 December 2017: RMB16,025).</p>	<p>An increase in the estimated feeding costs plus the margin that would normally be required by a raiser used would result in a much smaller percentage increase/decrease in the fair value measurement of the heifers and calves older/younger than 14 months old, and vice versa.</p>
	<p>在小於14個月的年歲組別的小母牛及小牛的公平值乃經減去將牛隻由其各自於各報告期末的歲數培育至14個月所須的估計飼養成本，加培育商一般所須利潤而釐定。相反地，在大於14個月的年歲組別的小母牛的公平值乃經加上將小母牛由14個月培育至其各自於各報告期末的歲數所須的估計飼養成本，加培育商一般所須利潤而釐定。</p>	<p>於2018年6月30日，就小於14個月的小母牛及小牛而言，每頭牛估計平均飼養成本加培育商一般所須利潤為人民幣15,371元(2017年12月31日：人民幣15,171元)；於2018年6月30日，就大於14個月的小母牛而言，每頭牛平均估計飼養成本加培育商一般所須利潤為人民幣16,149元(2017年12月31日：人民幣16,025元)。</p>	<p>所用的估計飼養成本加培育商一般所須利潤增加將導致大於/小於14個月的小母牛及小牛公平值計量的極小比例增加/減少，反之亦然。</p>



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28. FAIR VALUE MEASUREMENTS (continued)

28. 公平值計量(續)

Valuation techniques used in fair value measurements (continued)

公平值計量使用的估值方法(續)

Type 類型	Valuation technique 估值方法	Significant unobservable inputs 重大不可觀察輸入數據	Inter-relationship between significant unobservable inputs and fair value measurements 重大不可觀察輸入數據與公平值 計量之間的相互關係
Milkable cows	The fair values of milkable cows are determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such milkable cows.	The estimated feed costs per kg of raw milk used in the valuation process are RMB1.91 for the six months ended 30 June 2018 (for the year ended 2017: RMB1.90), based on the historical average feed costs per kg of raw milk after taking into consideration of inflation.	An increase in the estimated feed costs per kg of raw milk used would result in a smaller percentage decrease in the fair value measurement of the milkable cows, and vice versa.
奶牛	奶牛公平值透過使用多期超額收益法(基於將由有關奶牛產生的貼現未來現金流量)釐定。	截至2018年6月30日止六個月, 估值過程中使用的每公斤原料奶估計飼養成本為人民幣1.91元(截至2017年止年度: 人民幣1.90元), 乃基於每公斤原料奶的歷史平均飼養成本並計及通貨膨脹釐定。	所用的每公斤原料奶估計飼養成本增加可導致奶牛公平值計量的較小比例下降, 反之亦然。
		A milkable cow could have as many as six lactation cycles. Estimated average daily milk yield at each lactation cycle is ranged from 26.3 kg to 28.3 kg for the six months ended 30 June 2018 (for the year ended 2017: 26.3 kg to 28.3 kg), depending on the number of the lactation cycles and the individual physical condition.	An increase in the estimated daily milk yield per head used would result in a smaller percentage increase in the fair value measurement of the milkable cows, and vice versa.
		奶牛有六個哺乳期。截至2018年6月30日止六個月, 各哺乳期的估計平均每日產奶量介乎26.3公斤至28.3公斤(截至2017年止年度: 26.3公斤至28.3公斤), 視哺乳期數目以及個別身體狀況而定。	所用的估計每頭牛每日產奶量增加可導致奶牛公平值計量的較小比例提高, 反之亦然。



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28. FAIR VALUE MEASUREMENTS (continued)

28. 公平值計量(續)

Valuation techniques used in fair value measurements (continued)

公平值計量使用的估值方法(續)

Type 類型	Valuation technique 估值方法	Significant unobservable inputs 重大不可觀察輸入數據	Inter-relationship between significant unobservable inputs and fair value measurements 重大不可觀察輸入數據與公平值 計量之間的相互關係
		Estimated local future market price for raw milk is RMB3.76 per kg at 30 June 2018 (31 December 2017: RMB3.83 per kg).	An increase in the estimated average selling price of raw milk used would result in a much higher percentage increase in the fair value measurement of the milkable cows, and vice versa.
		於2018年6月30日，估計當地未來原料奶市價為每公斤人民幣3.76元(2017年12月31日：每公斤人民幣3.83元)。	所用的原料奶估計平均售價增加可導致奶牛公平值計量的極大比例增加，反之亦然。
		Discount rate for estimated future cash flow used is 13.00% at 30 June 2018 (31 December 2017: 12.70%).	An increase in the estimated discount rate used would result in a slightly smaller percentage decrease in the fair value measurement of the milkable cows, and vice versa.
		於2018年6月30日，所用估計未來現金流量的貼現率為13.00%(2017年12月31日：12.70%)。	所用的估計貼現率增加可導致奶牛公平值計量的較小比例下降，反之亦然。
Unquoted equity investment I	Market approach	Fair value is estimated based on value of comparable listed companies, and discounted for lack of liquidity.	An increase in the discounted for lack of liquidity would result in a much slightly smaller percentage decrease in the fair value measurement of the unquoted equity investment I.
未報價權益投資I	市場法	公平值乃按可資比較上市公司的價值作出估計及就流動性不足貼現。	流動性不足貼現增加可導致未報價權益投資I公平值計量的極輕微比例減少。



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28. FAIR VALUE MEASUREMENTS (continued)

Reconciliation of Level 3 fair value measurements of biological assets and equity instruments at FVTOCI

Balance at 1 January 2018	於2018年1月1日的結餘
Purchases	購買
Total losses in OCI	於其他全面收入的虧損總額
Feeding cost	飼養成本
Decrease due to disposal	因出售引致的減少
Loss arising from changes in fair value less costs of dairy cows	乳牛公平值變動減銷售成本產生的虧損
At 30 June 2018	於2018年6月30日

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with general accepted pricing model based on discounted cash flow analysis.

29. EVENTS AFTER THE REPORTING PERIOD

There is no significant event after the reporting period.

28. 公平值計量(續)

生物資產第三級公平值計量與按公平值計入其他全面收入的權益投資的對賬

Equity instruments at FVTOCI 按公平值計入其他全面收入的權益工具 RMB'000 人民幣千元 (unaudited) (未經審核)	Heifers, calves and milkable cows 小母牛、小牛及奶牛 RMB'000 人民幣千元 (unaudited) (未經審核)
12,934	7,751,070
1,100	–
(8,870)	–
–	684,898
–	(319,993)
–	(434,716)
5,164	7,681,259

並非按經常性基準以公平值計量的金融資產及金融負債的公平值(惟須披露公平值)。

董事認為簡明綜合財務報表內按攤銷成本計量的金融資產及金融負債的賬面值與其公平值相若。有關公平值乃根據普遍接受的定價模式並基於貼現現金流分析釐定。

29. 報告期後事項

報告期後並無重大事項。





MODERN FARMING
现代牧业

China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 1117



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Purity



真

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